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U.S. Seeks To Stop Mideast Conflict

By William Claiborne

JERUSALEM — U.S. special envoy Philip C. Habib met with Prime Minister Menachem Begin on Sunday to seek a cease-fire in the escalating Israeli-Palestinian conflict as Israel jets bombed Palestinian guerrilla centers in Lebanon and the Palestinians fired rockets and artillery at Israeli settlements.

A 14-year-old Israeli youth was killed when a barrage of rockets fell on the northern Israeli town of Kfar Szevoun, and 23 residents of the town were injured, including the youth's mother, who was in critical condition.

The Israeli fighter-bombers pounded Palestinian regional command headquarters throughout southern Lebanon in the ninth day of intensifying hostilities across the Lebanese border. Palestinian positions in Nabatieh, Tyre and the crusader castle at Beaufort were among those bombed in Sunday's raids, the Israeli Army command said.

An Israeli defense forces spokesman said the Israeli pilots reported "accurate hits" on guerrilla positions, including artillery emplacements that earlier in the day had fired salvoes into the Israeli coastal resort city of Nahariya.

The headquarters of UN forces in southern Lebanon said that Sunday's hostilities began when Palestinian guerrillas fired eight artillery rounds at Nahariya. The Israeli Army responded 35 minutes later with 240 artillery and mortar rounds before Israeli bombers began their sorties. By mid-afternoon, UN spokesman "Tom" Cocks said, the Israeli had fired 370 artillery rounds, contained with 60 fired by the Palestinians.

A communiqué issued by the Palestine Liberation Organization in Beirut and carried by the Palestinian news agency Wafa mentioned no casualty figures. The Associated Press reported that Lebanese police said that 14 persons had been killed, and 45 had been wounded in artillery and rocket duels between the Israeli border gunners and guerrillas.

"We put the responsibility of this aggression and acts of terror on the U.S. administration, which supplies this enemy [Israel] with sophisticated arms and means of destruction and which sanctions such attacks," the PLO communiqué said.

Mr. Habib, who was ordered by President Reagan to break off his

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A march in Dublin to show support for IRA hunger strikers ended in violence as police defended the British Embassy.

U.K. Again Rejects Talks With IRA Strikers

BELFAST — The British government on Sunday rejected the latest proposal for direct talks with IRA hunger strikers. Supporters of the prisoners in Dublin vowed to stage a new demonstration outside the British Embassy.

About 180 people were injured Saturday when a march on the British Embassy by 17,000 hunger-strike supporters ended with hundreds of militants throwing bottles and bricks at police, who retaliated with repeated baton charges.

Eight Irish Republican Army hunger strikers in Maze prison claimed on Saturday that a Red Cross attempt to resolve the protest failed.

"In the light of the Red Cross failure to draw the British to the negotiating table we are convinced that this is merely a cosmetic gesture aimed at placating condemnatory opinion," the hunger strikers said in a statement smuggled out of the jail.

Jail Visits

The three-member Red Cross delegation arrived in Belfast Thursday from Geneva. They spent 4 hours Thursday, 12 hours Friday and most of Saturday inside the complex of H-shaped cell blocks at Maze.

They were invited to the province by Northern Ireland Secretary Humphrey Atkins "to assess and, if necessary, to make recommendations, to improve the conditions of imprisonment in Northern Ireland."

The British government has never indicated that the Red Cross should become a mediator, saying that the delegates were invited to help antagonize Ulster's Protestant majority.

Irish Premier Garret FitzGerald praised the police for their restraint in the rioting on Saturday, which he said "had been provoked by people who were working not for a settlement of the hunger strike, but for a heightening of tension and violence throughout Ireland."

A police spokesman, after displaying thousands of bottles and hundreds of large rocks that were used to batter police, said, "this was the worst violence directed at police in the history of the Republic."

The trouble erupted after march leader Bernadette Devlin McAliskey — one of Ulster's most influential political orators — was allowed through police lines to lay a wreath at the embassy, along with a few supporters. Hundreds of angry marchers tried to follow them.

Some demonstrators wielded poles as lances as they charged the cordon, accompanied by a hail of flying concrete slabs, stones, and bricks. Some police pitched the missiles back at the crowd, witnesses said.

Then the line parted and squads of reinforcements in riot gear charged the crowd, laying into the demonstrators with 2-foot-long batons and scattering them in a panic run.

In Belfast, Mr. Atkins rejected the eight hunger strikers' latest proposal for direct negotiations.

He repeated the government position, which has remained the same from the start of the fasts. Mr. Atkins said that he would not negotiate with the hunger strikers until they called off their protest. Only then, he said, would Britain consider prison reforms.

The government rejection of direct talks spelled almost certain death for Kieran Doherty, 25, and Kevin Lynch, 24, who on Sunday had been on a fast for 59 and 58 days respectively. Both men were reported by relatives to be close to death and have received the last rites of the Roman Catholic Church.

In Dublin, supporters of the IRA prisoners met to map plans for another demonstration next Saturday. Government sources said that, this time, the army might be called out to help police protect the British Embassy.

111 Die in U.S. Hotel as Walkways Collapse

KANSAS CITY, Mo. — Dozens of bodies have been pulled from the rubble of two collapsed walkways in the lobby of the Hyatt Regency Hotel as officials began an investigation into one of the nation's worst hotel disasters. The death toll was 111, with 188 injured, several of them critically.

The accident happened Friday night when an indoor "sky bridge" filled with dancers four floors above the lobby collapsed, crashing onto a second crowded walkway and bringing both structures plunging to the main dance floor below.

Mayor Richard Berkley, calling it "a profound tragedy for this city," ordered a sweeping review of all city records — including building permits and inspection reports — prepared during the planning and construction of the architecturally spectacular hotel tower.

Experts and officials said one theory for the cause of the collapse was that the walkways were carrying too much weight. Another was that the rhythmic vibrations of the dancers put too much strain on the structure.

Walkways Crowded

Witnesses said people had been standing elbow-to-elbow, swaying with the music of a jazz number called "Satin Doll" on the walkways and in the lobby, shortly before the uppermost walkway collapsed.

Normally the walkways are used by guests moving from the side of the building containing living quarters to meeting rooms on lower floors across the lobby. But at the weekly social event called the Tea Dance, participants were allowed to dance on the walkways as well as in the lobby below.

As the crowd estimated by authorities and hotel officials at 1,200 to 1,500 danced Friday night, the second-level walkway snapped from the steel rods that suspended it from the ceiling. It fell like a pancake onto the walk below. Both walkways, themselves filled with dancers and spectators, struck the crowd in the lobby.

The walkways were constructed of steel I-beams, covered with metal restraining sheets and then with a layer of concrete about three inches thick with girders woven in

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Rescue workers searched through the debris of collapsed walkways for dead and injured in the lobby of a hotel in Kansas City, Mo. In the photo below, an injured man is placed on a stretcher.



Politburo Realigned As Kania Keeps Post

WARSAW — The Polish Communist Party Central Committee elected a new, enlarged 15-man Politburo on Sunday containing only six members of the outgoing national leadership. Stanislaw Kania was re-elected Saturday night as Poland's Communist Party leader.

Four members of the previous 11-man Politburo were included in the new lineup, announced by Mr. Kania at an emergency party congress. They were Mr. Kania, who received an automatic place; Premier Wojciech Jaruzelski, Stefan Olszowski, a leading hard-liner, and Kazimierz Barcikowski.

The only other members with governing experience were Foreign Minister Jozef Czerwinski and Interior Minister Miroslaw Milewski.

Mr. Kania's only opponent in the election Saturday night for party leader was Mr. Barcikowski, another moderate. He had been nominated earlier in the day by the newly elected Central Committee.

Token Candidate

The secret-ballot vote by the 1,955 delegates was another extraordinary event in the gathering. Customarily, the party leaders in the countries of the Soviet bloc — called first secretary in Poland and other countries and general secretary in the Soviet Union and a few others — are chosen by the Central Committee in closed session.

Mr. Barcikowski, whose stand on most issues is close to that of Mr. Kania, was viewed as something of a token candidate, whose name was entered largely so that Mr. Kania would not run unopposed.

According to the PAP news agency, other candidates were chosen by the Central Committee but declined to run after thanking the committee "for confidence displayed toward them."

They were Mr. Olszowski, a hard-liner who has moved to a more moderate position in recent weeks, and Mr. Mieczyslaw Rakowski, a liberal deputy premier who is the government's chief negotiator with the Solidarity trade union.

Along with Gen. Wojciech Jaruzelski, premier and minister of defense, these four are the only well-known members of the leadership who survived secret balloting Thursday night for 200 seats on the Central Committee.

The delegates rejected five members of the Politburo, numerous provincial first secretaries and even the largely honorific head of state, Henryk Jablonski. Although they will not be on the party's Central Committee, Mr. Jablonski and the provincial party chiefs will not automatically lose their government positions.

The vote also beat back a hard-line challenge to Mr. Kania that had been building up behind the scenes, eliminating some of its major proponents, including Tadeusz Grabski, a Politburo member who had planned to run for party leader.

Several prominent liberal reformers also lost, such as Tadeusz Fiszbach, the party leader in Gdansk, so the net effect of the shakeup appeared to be a victory for the center and a vindication of Mr. Kania's policy of cautious reform.



Following his re-election as head of Poland's Communist Party at an extraordinary congress in Warsaw, Stanislaw Kania, left, was congratulated by runner-up Kazimierz Barcikowski, center, as Poland's premier, Gen. Wojciech Jaruzelski, looked on.

Poland: Secret Ballot In a One-Party State

WARSAW — Midway through last week's session of the extraordinary congress of the Polish Communist Party, Mieczyslaw Rakowski, the party's most prominent liberal, delivered an impassioned plea for liberalization and reform. There was no other way except "renewal," he told the 1,955 delegates, or the country would become steeped in a bloodbath.

As the deputy premier stepped down from the podium to a thunderous ovation, a visiting American journalist watching it on closed-circuit television was moved by the sight of a man trying to sway a vast congregation to a position of conscience.

"Incredible!" he exclaimed. "Absolutely incredible! That was Teddy Kennedy speaking to the Democratic convention."

The extraordinary congress was indeed extraordinary. Never before had there been one like it in the Soviet bloc. It broke so much new ground, in procedures and spirit, that the temptation was strong to reach for Western analogies and conclude that something very much like democracy had somehow infiltrated the monolithic rule of the Communist Party, changing it irrevocably.

Genuine Choice

For the first time, delegates, themselves selected by secret ballot, voted for their leaders secretly. For the first time, there was a genuine choice, since there were more candidates than positions. Selecting a 200-member new Central Committee from among 279 candidates, delegates rejected five of nine members of the Politburo, making them ineligible for re-election to that supreme body.

The losers included two extreme conservatives — Tadeusz Grabski, who had hoped to unseat the moderate party leader, Stanislaw Kania, and Mieczyslaw Moczar, a former minister of the interior believed to have engineered an anti-Semitic campaign in 1968 — as well as Tadeusz Fiszbach, the ul-

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Reagan Reportedly Decides to Ask Allies To Adopt Cautious Moscow Trade Policy

WASHINGTON — President Reagan has settled a policy dispute within the administration by deciding to ask U.S. allies to follow a collective, cautious approach toward the Soviet Union on economic matters.

Well-placed administration officials say that his decision to follow this course, rather than to confront allied leaders with a harder line on

East-West trade issues, settled what was described as a major struggle between Secretary of State Alexander M. Haig Jr. and Secretary of Defense Caspar W. Weinberger.

Mr. Reagan flew to Canada on Sunday for his first major summit conference, seeking rapport with the leaders of the world's richest democracies despite differences over high interest rates and trade with the Soviet bloc. The Associated Press reported that he arrived in Ottawa at mid-afternoon and then departed by helicopter for the Quebec town of Montebello, 40 miles away, where he and seven other leaders will meet in a 51-year-old log chateau.

Among the first events on Mr. Reagan's schedule late Sunday afternoon were sessions with Chancellor Helmut Schmidt of West Germany, with whom he has already conferred in Washington, and his first meeting with President Francois Mitterrand of France, the Socialist who was elected May 10.

According to administration officials, Mr. Reagan will ask the allies to study how importing Soviet energy will affect their vulnerability and to take a fresh look at whether trade with Moscow has moderated Soviet behavior.

These officials say he will urge that, while maintaining a cooperative economic policy toward the Soviet Union, the allies remain alert to security problems. He will also suggest, they said, that West Europeans take precautions in their prospective deal to build a pipeline and buy natural gas from the Soviet Union but will pose no flat objections to the deal.

Some officials said that the president seemed to be leaning toward approval of a \$40-million sale of pipeline laying equipment to the Soviet Union by the Caterpillar Tractor Co., indicating that he was not going to close trade doors with Moscow. Other officials said no decision had been made.

2 Meetings

Mr. Haig and Mr. Weinberger argued for their respective approaches to the economic question in two National Security Council meetings last week, with virtually all those present backing Mr. Haig except William J. Casey, the director of central intelligence, and Jeanne J. Kirkpatrick, the chief delegate to the United Nations.

Mr. Weinberger argued, the officials related, that economic relations with Moscow should be treated as an extension of the military competition. He urged an embargo on the sale of both strategic equipment and critical technology to Moscow, and contended that if Mr. Reagan used all of his personal prestige, he could press the allies into agreement.

Mr. Haig's stance, as officials recounted it, was that policy toward Moscow should not be totally confrontational, that Soviet leaders should not be squeezed so hard that their behavior became unpredictable, that the allies would not bend to Mr. Reagan's pressure and that no policy toward Moscow would be effective unless it was a common policy.

All of the president's key advisers agreed on the goal of trying to exert tighter controls on Western exports to the Soviet Union, but the president had to choose between his two secretaries on how far to go and what was feasible. By most accounts, he essentially took Mr. Haig's view, although military officials say that their tough stance forced Mr. Haig to move toward them during the discussions.

According to the officials, the president made his decision on these grounds: Since the allies are highly unlikely to curtail trade with the Soviet Union significantly, pressing them would only create confrontation with the allies. If confronted, the allies would choose trade with Moscow over the Atlantic alliance, and the consequences of such a rejection of the U.S. position would be catastrophic.

Some in the administration hailed this as a sign that the White

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INSIDE

Algerian Arms

Algeria has given Nicaragua as many as 30 Soviet-made tanks and large quantities of other arms, according to sources in Managua. The Algerian move is part of what one Latin ambassador called an "Arab offensive" in the area. Page 3.

French Policy

France's new Socialist government has approved what may be the most radical of all its proposed reforms, the decentralization of the national government. Page 4.

Alcohol Warning

In Washington, the surgeon general officially advises U.S. doctors that pregnant women should drink absolutely no alcohol. Page 5.

Fakhani Street Counts Its Dead And Listens for Israeli Jets

By J. Michael Kennedy
Los Angeles Times Service
BEIRUT — Before Friday morning, Palestinians lived on Fakhani Street. Then the Israeli jets came and bombed, blasting away at the neighborhood and the refugee camps near the Beirut airport.

On Saturday morning, what had been apartment buildings were bombed shells. Power lines dangled from their poles. Broken glass and blocks of cement filled the street. Men driving bulldozers carted away debris, all the while looking for more bodies. They knew the official death count of 300 would go even higher.

And the people of Fakhani Street were listening for the sound of Israeli jets, waiting for another attack on the neighborhood.

"In this building alone, more than 100 people were killed," said Abdul Hadi, a spokesman for the Palestine Liberation Organization. No one expected the raid, certainly not the people who lived on Fakhani Street. The Israelis had not bombed Palestinians within Beirut since 1974, and even with the intense battles in southern Lebanon, the

city had not seemed a likely target. Beirut, after all, was the largest city in Lebanon, the home of many Westerners, headquarters of embassies. But it was also the headquarters of the PLO and its leader Yasser Arafat. What the people of Fakhani Street did not know was that Israeli Prime Minister Menachem Begin had decided that population centers would not be spared from air attack. Mr. Begin made his point Friday.

Mr. Hadi walked down the street and turned the corner, leading the way to a spot where a crane was pulling away mangled strands of steel reinforcement from one of the buildings. The steel would not give way easily and the men on the street, most of them carrying machine guns, hacked away nervously after they were told concrete from above might come crashing down.

Mr. Hadi pointed to a building. "This building was bombed first with five or six 1,000-pound bombs." He pointed to another. "This building had civilian people. Children, women and old people were killed." In all, there were six demolished buildings on the street. Mr. Hadi never

finished his litany of the dead because a man with a bullhorn began yelling instructions in Arabic.

"Israeli fighters are in the air now," Mr. Hadi said. "We must leave." The people on the street were running. The look of fear was intense as they jammed into doorways, looking for corners that would protect them.

Mr. Hadi ran to the first door and looked around at the crowd and lobby. "This is not safe," he said. "We will go someplace else." He bolted out of the building and into the street. He crossed to the other side and ducked into a doorway just as the Israeli jets screamed overhead. The people on the street also were screaming.

Mr. Hadi went down the stairs into darkness, around corners and into a room lit by a kerosene lamp. He stood there, out of breath, cigarette in hand. Others sat on the floor, backs to the wall, barely visible in the shadowy light.

"People are leaving their apartments and living under the ground," Mr. Hadi said. "For us, the main thing is to get missiles and anti-aircraft guns. We have demanded them from the other Arab countries, but did



Palestinians set up anti-aircraft positions in the streets of unbombed Beirut neighborhoods.

not get them. We expect hard times in the next few weeks. We are trying to protect our people. In the camps, we have many underground shelters. We have no electricity, no water, but we have no choice.

"We need political support and also the most important thing for us is to establish a front against the American influ-

ence. There is no peace in the Middle East without recognizing the national rights of the Palestinian people."

Outside, there was quiet. The Israelis had not dropped bombs and Mr. Hadi said he thought it was safe to leave, that the jets had probably been reconnaissance — that and to instill more fear in the people.

The scene was returning to normal, or what passed for normal, as a small group of people walked away from Fakhani Street. Vendors reopened their stalls and cars ventured into the main street. And then the jets came again. The people in the street ran for cover. They were screaming and there was fear in their eyes.

U.S. Reportedly Set To Grant Credits for Food Aid to Poland

By Murray Rarder
Washington Post Service
WASHINGTON — The Reagan administration is on the verge of giving emergency food aid to Poland, and is exploring the question of possible parallel East-West long-term support to salvage the Polish economy, according to sources in the administration and in Congress.

The sources said Friday that both approaches to the crisis in Poland are under serious consideration. The question of emergency food aid to Poland is awaiting President Reagan's decision and will require some form of congressional action. The broader issue of possible loans or credits for Poland in the multibillion-dollar range, by contrast, is in the most preliminary stages of exploration.

Informed sources said the long-term problem in Poland might be discussed at the economic summit conference in Ottawa. Even raising the question of parallel East-West efforts at long-term aid is extraordinary; the Soviet Union blocked Czechoslovakia from entering the Marshall Plan after the end of World War II.

It is improbable, several administration officials said, that the heads of government meeting in Ottawa can do much more now than underscore Western interest in the fate of Poland. "Nobody will make any commitments until we know where the Poles are going," a senior official said.

Several members of Congress said Friday that Secretary of Agriculture John R. Block had "signed on" to a plan to authorize supplying Poland with 400,000 bushels of corn in new credits under the Commodity Credit Corp. The cost of that grain, intended to provide emergency food to Poland and to prevent the collapse of its chicken-breeding industry, was previously said to be \$80 million. An administration official said Friday that a recalculation of the cost now puts it at \$60 million.

In Columbus, Ohio, Mr. Block limited himself at a press conference Friday to stating that the question of emergency corn aid for Poland "is being discussed at the highest levels of government."

A prime mover in the campaign to obtain new food aid for Poland, Rep. Edward J. Derwinski of Illinois, Republican, said "the whole administration is now on board" for the corn shipment. What is under way, Rep. Derwinski said, is "a politically noncontroversial approach to the Polish problem."

"I am very optimistic" that the Reagan administration will carry through the food commitment for Poland, Rep. Derwinski said. The intention to do so, he said, would support Poland's political reforms at a delicate time. Some State Department officials said they fully agree.

Administration officials at all levels generally declined to talk for the record on what they are discussing about possible long-term remedies for Poland.

Various ideas are being canvassed inside the administration about possible Western efforts to help salvage the Polish economy. All of them, as one official said in private, "are based on the assumption that the expectation — that the Soviet Union will pay its share and that means at least 50 percent."

Poland's current debt to the West is about \$26 billion. According to an official U.S. calculation, the Soviet Union during the last year extended to Poland about \$3 billion worth of financial and credit benefits, including debt rescheduling, of which "something under \$1 billion" was in "hard currency," and the balance in "soft currency" benefits.

What some analysts within the Reagan administration are speculating is that an effort "to save Poland from bankruptcy," would need about \$1 to \$2 billion of Western loans and credits for five or more years in addition to any support it might get from the Soviet Union and other Eastern European nations.

Kania Gets Approval of Brezhnev

By Dnsko Doder
Washington Post Service

MOSCOW — Soviet President Leonid I. Brezhnev guardedly endorsed the re-election of Stanislaw Kania as Poland's first secretary in a brief message Sunday that combined missives about his leadership with hopes for an end of turmoil within the Polish Communist Party.

Its curt tone and the absence of personal compliments were in marked contrast to Mr. Brezhnev's greeting to Mr. Kania last September when he was first elected party leader. At that time Mr. Brezhnev addressed Mr. Kania as "dear comrade" and praised him as a man of courage and a staunch Communist.

Sunday's congratulatory telegram was addressed to "respected Comrade Kania." It made no reference to the Polish Communist Party congress or its policies nor did it contain the standard best wishes for success in building Socialism in Poland.

While short and to the point, the message nevertheless constitutes the first authoritative Soviet comment on the Polish congress. It was interpreted by Western and East European observers here as a signal that at least for the time being the Kremlin has grudgingly accepted the changes in the Polish party.

Pravda on Sunday also made the first ambiguous reference to the secret ballot used in selecting the Polish Central Committee. It did not tell its readers that there was a choice of candidates to select from. The Soviet press's silence also called for secret ballots, but there is no choice among candidates.

The Soviet press has carried no news about the congress except when it quoted speakers whose views were similar to those held in the Kremlin. The main coverage focused on three speeches made by Viktor Grishin, the chief Soviet delegate. Their tone, however, was restrained and seemed tailored to portray events in Poland as not really getting out of hand.

Until four weeks ago the Soviet press described the situation in Poland in ever more threatening terms that culminated in a blunt warning letter. But since the visit to Warsaw of Soviet Foreign Minister Andrei A. Gromyko, the Soviet press has dropped its threats and largely ignored the Polish situation.

Poland: Secret Ballots, But a One-Party State

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trailblazer Gdansk party secretary who is closely tied with the Solidarity trade union. Even the country's aged, ceremonial president, Henryk Jablonski, failed to get the requisite 955 votes. By contrast, the strong showing of Mr. Kania (1,335 votes) and the even stronger one of his premier, Gen. Wojciech Jaruzelski (1,615 votes), seemed to assure the party leader's re-election.

But for all the surprises, parallels between the congress and Western conventions were misleading. Poland is not a multiparty democracy; it is a one-party state. On view in Warsaw last week was not a competition between political philosophies in an organized structure, but a power struggle within the single party, brought about by that party's decline as a result of national crisis.

In its districts, the Polish party has violated the main tenet of Leninism and fallen prey to factionalism. There has always been factionalism in Eastern Europe — it is impossible for leaders to always agree on what should be done — but until now, the struggles occurred at the top and were carefully hidden until they were resolved through compromise or purges.

Different "tendencies" in Poland, however, the struggles are being fought relatively openly and at all levels. The crisis has penetrated so deep that the party is being pulled in different directions. Each "tendency" is the official euphemism for its own constituency at the bottom and its own identifiable champion at the top.

Factionalism has been tolerated from the beginning by Mr. Kania under the guise of collegial rule. He was not, he said in his acceptance speech as party leader almost a year ago, striving to be a leader. By implication, he wanted to be a moderator, searching for the road between contending forces.

At provincial party conferences to select delegates to the congress, he even intervened to rescue hard-

liners. The behavior was explained in a Western political mode: He was giving out political IOUs to control blocs of votes at the congress.

So confident was Mr. Kania of election on opening day that he presented a list of nominees to the new Politburo. A triumph of political balancing, all sides were given equal weight, on the assumption that the center, because it is the center, would prevail.

At first, the strategy seemed to have backfired. Mr. Grabski and other hard-liners, holding to the more orthodox doctrine that a divided leadership cannot rule, launched an open power struggle. They used issues with appeal to the strong reformist mood of the delegates, 90 percent of whom were attending their first congress. Mr. Kania's election was put off, largely because the delegates did not want to be railroaded, and for 48 hours he appeared to be fighting for his political life.

In the end, Mr. Kania prevailed. After secret-ballot voting for the Central Committee produced a stunning victory for moderates, other contenders for party first secretary dropped away. Only a moderate closely associated with Mr. Kania, Kazimierz Barcikowski, was put forward in what seemed to be a token candidacy.

The vote for the Central Committee appeared to be an act of vengeance — Mr. Kania and Gen. Jaruzelski were the only survivors from the Politburo. A triumph of political balancing, all sides were given equal weight, on the assumption that the center, because it is the center, would prevail.

All the incredible events of the past week — the huddled conferences, the shifting list of candidates to be party first secretary, the insistence by Polish journalists on access to the delegates — raised visions of a Western-style political convention. But they were really the signs of a badly damaged Eastern party trying to heal itself.

Habib, Begin Meet on Lebanon Conflict 111 Killed In Missouri

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diplomatic attempts to defuse the crisis over deployment of Syrian missiles in Lebanon and concentrate instead on arranging a ceasefire between Israel and the Palestinians, met twice Sunday with Mr. Begin and other top Israeli diplomatic and military officials.

Habib Seeks Pact

In a one-hour morning session, Mr. Habib called on both sides to cease shooting immediately so that an agreement to a more permanent end to the fighting can be sought, perhaps with Syria acting as an intermediary. After another meeting Sunday night, Mr. Habib said he would consult with Mr. Begin on Tuesday after a special meeting of the Israeli Cabinet to consider the crisis. Mr. Habib refused to discuss details of his talks, saying only, "I've had very serious conversations with the prime minister about this complex problem."

The prime minister is understood to have told Mr. Habib that Israel did not initiate the cross-border exchanges and is not interested in letting the conflict escalate into a wider war of attrition.

However, Mr. Begin reportedly told Mr. Habib, neither is Israel willing to stand by and allow its

civilians to be killed by the Palestinians' newly acquired sophisticated weaponry, including rockets, purchased from the Soviet Union and Syria, and long-range artillery.

In Washington, Secretary of State Alexander M. Haig Jr. made clear the Reagan administration's hopes that the talks between Mr. Habib and Mr. Begin will produce "some temping down of the situation" before the United States makes a decision Tuesday whether to release F-16 fighter-bombers whose delivery to Israel was suspended after the Israeli bombing of an Iraqi nuclear reactor June 7.

[The administration, which had planned to lift the suspension last Friday, pulled back hastily after the Israeli attacks on Beirut. Mr. Haig, interviewed on television, emphasized that no "specific understandings" have been reached about future Israeli use of U.S.-supplied weapons and he did nothing to counter the general impression in Washington that the planes will be released Tuesday whether Mr. Begin cooperates or not.]

A senior official in the prime minister's office said that Mr. Begin and his key advisers held out little hope for a negotiated end to the war of attrition, and that there was growing pressure within the

prime minister's inner circle for resolving both the Palestinian problem and the Syrian missile crisis by launching a wider conflict against Syria on Lebanese soil.

Meanwhile, the Israeli Army's chief of military intelligence, Maj. Gen. Yehoshua Saguy, acknowledged Sunday that a motive of Israel's intensive bombing raids Friday in densely populated quarters of Beirut was to attempt to generate Lebanese civilian resentment against the presence of Palestinian guerrillas.

"I would say at least they have something to think about now. We're trying to make people think about the consequences of this intensive [Palestinian] fire," Gen. Saguy said in a briefing for reporters.

It was the first time that a senior Israeli military official publicly has said that an expected benefit of the Beirut raids was to turn the Lebanese civilians there against the presence of Palestinian guerrilla headquarters. Previously, government spokesmen had said the purpose was to disrupt the Palestine Liberation Organization political infrastructure, and that the various PLO factions had unfortunately been situated in civilian population centers.

111 Killed In Missouri

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and a thin veneer of concrete on the surface.

The scene in the hotel was a nightmare, with huge slabs of concrete stretched across the lobby floor, shattered glass and bodies pinned beneath the wreckage.

Dr. Bonita J. Peterson, Jackson County medical examiner, said most of the victims were crushed to death and that no individual autopsies had been planned.

The 733-room, 40-story, \$50-million hotel, which opened one year ago, is a part of the new Crown Center Complex. The hotel is operated by Hyatt Hotels but owned by Crown Center Redevelopment Corp., a subsidiary of Hallmark, Inc., the greeting card company that has its headquarters here.

The hotel was evacuated and closed after the accident and will remain closed indefinitely, officials said. The hotel was built by the now-defunct Eldridge Construction Co. of Kansas City. Two Hyatt spokesmen they had been assured that the skywalks could carry large numbers of people "shoulder to shoulder" without any danger.

Politburo Is Realigned; Kania Keeps Party Post

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seats on the party's governing central committee.

"There is no greater danger than anarchy," said the premier, an army general speaking in full uniform and drawing heavy, rhythmic applause after his stern remarks.

"We have to say it clearly... We cannot permit this. If necessary, authorities will be forced to execute the constitutional obligations to save the state from decay and the nation from catastrophe."

"There are boundaries which cannot be crossed," he added. The premier did not say what specific steps would be taken to prevent strikes. But he noted that the Polish Army had "kept cohesion and unity" during the crisis, and noted that "the party trusts the army."

Most of the premier's address was devoted to the economy, which he said was still deteriorating at an alarming rate. He repeated earlier government warnings that prices would have to be more than doubled to cope with the crisis.

Quoting official figures already published, he said national income, the Soviet bloc version of gross national product, would sink by 15 percent this year. Poland's debts with the West, already set at more than \$26 billion, would increase by a further \$3 billion, he said.

Gen. Jaruzelski said wages had increased by an average of 23 percent in the first six months of 1981 while the supply of domestic goods had dropped by 10 percent.

He said the resulting inflationary spiral meant that price rises of around 110 percent for food and fuel would be needed to bring back some balance to the pricing system. The question of these increases would be one of the first tasks facing the new leadership, he said.

The premier said the government planned far-reaching economic reforms in the coming months, including a new system of worker's co-management in industry combined with more flexible central planning. He said that the aim was to have most of industry working under the new system by the beginning of next year.

But he also attacked Solidarity for allegedly trying to pre-empt the government plans and push through its own self-management system — a reference to the strike planned by airline employees.

Turning to food shortages, the premier said an expected bumper harvest should ease supplies later in the year, but he warned that meat would remain scarce.

Tunisia Removes Legal Ban on Communist Party

The Associated Press

TUNIS — President Habib Bourguiba has ended his Destour Socialist Party's monopoly on Tunisian politics by legalizing the Communist Party and authorizing it to participate in the coming legislative elections, the Tunisian news agency reported.

Mr. Bourguiba met Saturday with Communist Party leader Mohammed Harmel at the president's residence in Monastir. It was the first meeting between Mr. Bourguiba and a Communist leader in 18 years.

The Communist Party was banned in January, 1963, after it was accused of plotting to overthrow Mr. Bourguiba.

During the meeting last weekend, Mr. Bourguiba authorized the Communists to publish a newspaper and gave his approval for the party's candidates to run in the National Assembly elections set for Nov. 1.

WORLD NEWS BRIEFS

Kidnapped Alfa Official Reportedly Resigns

Reuters

MILAN — Kidnapped Alfa-Romeo executive Renzo Sandrucci has quit his job, according to a letter purported to have been written from the Red Brigades "peoples' prison" where he is being held, police sources said Sunday.

A letter of resignation, addressed to Alfa-Romeo Chairman Errore Massaccesi, was among a bundle of documents left by the guerrillas near the Fiat car works in Turin, the sources said.

Mr. Sandrucci, the senior production manager of Milan-based Alfa-Romeo, was kidnapped in Milan on June 3. The sources said his resignation letter contained remarks about the relationship between Alfa's management and workers' representatives.

Dacko Dissolves 2 Rival Political Parties

The Associated Press

BANGUI, Central African Republic — President David Dacko, calling his position intolerable, has dissolved two rival political parties, suspended a third and arrested a number of leaders.

Mr. Dacko, who has headed the government since the overthrow of Emperor Jean Bedel Bokassa, also on Saturday announced the creation of a special court and the opening of a judicial inquiry against some opponents for inciting disobedience and revolt, attacks against the security of the state, murder and attempted murder.

The crackdown comes after the bombing of a movie theater in Bangui Tuesday in which three were killed and 32 injured, 18 seriously.

5 More Executed in Iran on Political Charges

United Press International

ANKARA — Iranian firing squads executed four men and a woman for armed revolt, the Iranian news agency reported Sunday, bringing to 219 the number of persons put to death for political offenses since Abolhassan Bani-Sadr was dismissed from the presidency a month ago.

The condemned included members of the Mujahaddin Khalq leftist guerrilla group, which Iranian authorities have blamed for the bomb attack that killed at least 74 officials of the Islamic regime.

But in surprisingly lenient sentences, Tehran Radio said an Islamic court in Isfahan sentenced 16 members of the Mujahaddin Khalq guerrilla group to prison terms of three months to three years after being convicted of activities against the Islamic republic, illegal demonstrations, selling and distributing illegal publications and creating disturbances.

U.S. Is Firm on Missile Upgrading, Aide Says

Reuters

BONN — NATO's decision to modernize its European nuclear force is not negotiable in arms talks with the Soviet Union, Washington's chief disarmament official said in an interview published Sunday.

Eugene Rostow, director of the U.S. Arms Control and Disarmament Agency, told the West German news magazine Der Spiegel that the U.S. aim was to achieve stability in East-West arms to reach a position where the minimum of danger existed of a Soviet attack on Western Europe.

He replied "no" when asked if NATO's decision to respond to the Soviet Union's new SS-20 nuclear missiles by stationing 572 Pershing-2 and Cruise missiles in Europe was negotiable. "This is an obligation, a decision reached by NATO," he said. "It would be the end of everything if NATO made decisions and then discovered that the Soviet Union possessed a veto against them."



WHEN YOU TELL 'EM BACK HOME HOW YOU "REINED" IN IRELAND, SAVE SOME IRISH POUNDS ON THE CALL.

The Irish have a way of making you feel like a queen. They put you up in one of their ancient castles. Invite you to lavish medieval banquets at night. And show you the most beautiful countryside in the world by day — in a jaunting cart, no less (with you holding the reins). But before you share it all with the folks back home, check out these pound-saving tips.

SAVE ON SURCHARGES

Many hotels outside the U.S. charge exorbitant surcharge fees on international calls. And sometimes the fees are greater than the cost of the call itself. But if your hotel has TELEPLAN, the way to keep hotel

surcharges reasonable, go ahead and call. No Teleplan? Read on! There are other ways to save.

SAVE WITH A SHORTIE

In most countries there's no three-minute minimum on self-dialed calls. So if your hotel offers International Dialing from your room, place a short call home and have them call you back. The surcharge on short calls is low. And you pay for the call-back from the States with dollars, not local currency, when you get your next home or office phone bill.

SAVE THESE OTHER WAYS

Telephone Company credit card and collect calls may be placed in many

countries. And where they are, the hotel surcharges on such calls are usually low. Or, you can avoid surcharges altogether by calling from the post office or from other telephone centers.

SAVE NIGHTS & WEEKENDS

Always check to see whether the country you're in has lower rates at night and on weekends. Usually the savings are considerable.

You'll save a lot of green when you follow these tips. And a lot of gas when you travel by jaunting cart.



Reach out and touch someone

Handwritten Arabic text at the bottom of the page.

Algeria Reportedly Gives Nicaragua Tanks

By Christopher Dickey
Washington Post Service

MANAGUA — Algeria has given Nicaragua as many as 30 Soviet-made tanks and large quantities of other arms, according to Sandinista government and Third World diplomatic sources here.

The Algerian-backed military buildup is part of what one Latin American official called an "Arab offensive" that has inserted a new element into the economic, military and political life of an area where outside influences have been, until now, largely restricted to regional neighbors, the two superpowers and their proxies.

Iraq is considering a major aid program in Nicaragua, although no concrete agreement has been reached, Sandinista officials said. Libya has deposited \$100 million in a Nicaraguan bank to share up the faltering economy and may invest hundreds of millions more in agricultural projects, according to Nicaraguan government sources.

The Palestine Liberation Organization, which now has a resident ambassador in Managua, was instrumental in introducing the Sandinistas to the Arab revolutionary states as a source of military aid, according to Moises Hassan, a

former Nicaraguan junta member and the current construction minister.

On the eve of their second anniversary in power, the Sandinistas find themselves burdened with serious economic problems, fearful of military challenges from across neighboring borders and, according to sources here, troubled by disagreements within their college government over the path their revolution should take.

With U.S. aid cut off and only meager financial help from the Soviet Union, which was originally believed to have supplied the tanks that reportedly came from Algeria, the Sandinistas have turned to the revolutionary regimes to supply support that may help them survive without aligning with either of the superpowers.

The Sandinistas' warm relations with Cuba — especially the close identification of the most powerful

members of the Sandinista leadership, Daniel and Humberto Ortega, with Fidel Castro — is viewed in Washington as a growing link to Moscow because of Cuba's economic dependence on the Russians.

But the Sandinistas, some Arab diplomats, and reportedly Mr. Castro see the relationship quite differently. Although the Sandinista leadership generally has a Socialist and Marxist orientation, a large segment recognizes the dangers of close Soviet ties.

A Third World diplomat familiar with both Cuba and Nicaragua recently speculated privately that "Fidel is watching very closely to see what happens with Nicaragua and the Arabs. He cannot be happy about his dependence on the Soviets and he cannot turn to the United States. But if the Arabs do it for Nicaragua then I have no doubt he would seek the same way out for himself."

For the moment, the Castro regime is receiving an estimated \$10 million a day from the Soviet Union. An Arab diplomat described the relationship with a Moroccan proverb: "The hand you can't bite, you kiss." But Nicaragua has far received very little direct Soviet

aid. A recent credit line from Moscow amounts to only \$50 million, according to diplomatic sources.

Foreign economic analysts estimate that Nicaragua will need as much as \$400 million next year, above and beyond the current aid it is receiving, just to keep the economy at its present subsistence level of activity.

Other nations have continued to support the Nicaraguan regime. Mexico, for example, has in effect contributed \$150 million to the economy this year through concessional oil deals, according to foreign analysts. But the Arabs have the most money to spare and the advantage of what the Nicaraguans like to call "revolutionary solidarity."

Moises Hassan, who declined to comment on the specific arrangements between Nicaragua and the revolutionary Arab states, did attempt to explain their motivation in helping a small Central American nation thousands of miles away.

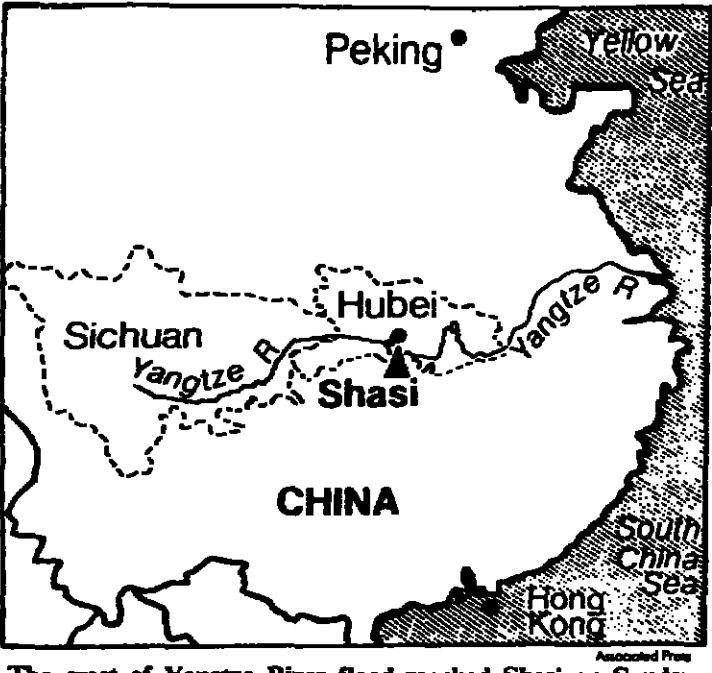
"There is a common interest among us," Mr. Hassan said Friday. "We all know how fragile we are, how fragile is our independence. Libya, Algeria, Nicaragua, the Palestinians have known what it is to be the subjects of foreign powers or their representatives."

"I think this is probably difficult for a country like the United States to understand because it has never suffered very much," he said. "It must be difficult for a normal American to comprehend how a country feels that for many years has seen itself as a subject."

"We know that we are a weak country economically and militarily," he said. "Independence is not yet completely achieved. We know that the major powers don't want to recognize that we are free."

The Reagan administration repeatedly has argued that Libya is a front for Soviet support of international terrorism, a charge that the Libyan leader, Moammar Qadhafi, denies. In any case, the argument does not seem to concern the Nicaraguans.

On June 20, the Sandinista leadership held a public celebration in Managua to mark the 11th anniversary of Col. Qadhafi's ouster of U.S. air bases from Libyan territory.



The crest of Yangtze River flood reached Shashi on Sunday.

China Reports No Damage To Dam by Yangtze Flood

The Associated Press

PEKING — The crest of the Yangtze river's highest flood in more than 80 years passed China's largest dam project Sunday with out any reported damage, after leaving from 3,000 to 4,000 persons dead in Sichuan province.

Officials in Sichuan, where massive downpours set off the flooding, concentrated on feeding, housing and clothing 500,000 homeless. They said that rain fell again Saturday on China's most populous province of 100 million persons, but no new damage resulted.

An official at the Gezhouba dam in central China's Hubei province, reached by telephone from Peking, said the crest passed the dam before dawn Sunday. The water level rose to 61.62 meters (202 feet) above sea level, but had dropped to 61.20 meters by the afternoon, he said.

The Chinese news agency said that after the dam "passed its test," the crest reached the city of Shashi on Sunday afternoon. The agency said nearly 200,000 soldiers and people have been mobilized to guard the dikes along a 182-kilometer (113-mile) zigzag danger area of fertile rice and cotton fields.

Floods in Hubei province last summer killed 119 persons and 18,000 draft animals, destroyed houses totaling 260,000 rooms and devastated 200,000 hectares (494,000 acres) of farmland, the English-language newspaper China Daily said.

The United Nations has sought to aid the provinces of Hubei and Hebei, where a serious drought has finally ended after heavy rains.

The Chinese news agency said the flow of 72,000 cubic meters a second at the dam site at the flood

crest exceeded the recent high of 66,800 cubic meters in 1954 and was roughly the same as that of 1896.

The \$2-billion dam at Yichang in Hubei province is being built to generate electricity and back up the river to a depth that will make its upper reaches safer for navigation.

Cofferdams of earth reinforced by steel piles and concrete protects the station still under construction. The news agency said the cofferdams have been raised to a height 66 meters above sea level.

The Associated Press

DAR ES SALAAM, Tanzania — An estimated 20,000 people marched through the streets of the capital in the biggest demonstration yet in support of President Julius K. Nyerere's refusal to yield to demands of the International Monetary Fund.

The march on Saturday, the latest in a series, was led by the police band. At the end of the parade route, Mr. Nyerere told a rally that Tanzania will never abandon its policy of Socialism.

The demonstrations began 10 days ago after Mr. Nyerere condemned "outside institutions and countries" for trying to force Tanzania to devalue its currency by 50 percent, freeze wages, remove price controls, ease import restrictions and raise bank interest rates. Diplomatic sources said that the president was referring to recommendations made by the IMF.

Iran-U.S. Assets Pact Reportedly Snagged

By Stuart Taylor Jr.
New York Times Service

WASHINGTON — Disagreements between Iran and U.S. negotiators meeting secretly in the Netherlands are likely to stall transfer by the United States of more than \$2 billion in once-frozen Iranian bank deposits and have aroused concern among American companies with claims against Iran.

Treasury officials refused to comment on the nature of the disagreements with Iran. It was not clear on Friday how far the United States was willing to go toward meeting the Iranian demands or whether Iran would undermine the elaborate arbitration process laid out in the hostage agreements if it did not get its way.

rather than being reserved in its entirety, Mr. Olson said. He also said there was apparently a disagreement about who would pay the costs of administering the account.

The Dutch central bank would hold the \$1-billion account, with the Algerian central bank acting as agent, under a tentative July 10 agreement between the United States and the Netherlands.

In a related development, the Iranian defense minister has recently sent a telex to American contractors that his ministry was prepared to begin negotiating their claims. Lawyers representing some claimants reacted with skepticism to the telex.

"It looks like they're trying to create a facade of good faith until they get their money back," one lawyer said.

The \$2 billion now awaiting transfer from the Federal Reserve represents commercial Iranian bank deposits in the United States that were frozen by Mr. Carter in November, 1979, along with about \$8 billion in official Iranian deposits in the Federal Reserve and American bank branches in Europe and \$1 billion to \$2 billion in other Iranian assets.

\$2 Billion Held

The dispute includes Iran's demand that it receive the interest accruing on a special \$1-billion security account designed to cover possible awards against Iran by an international tribunal arbitrating American claims, according to a Washington lawyer who has followed the negotiations closely.

Treasury officials refused to comment on the nature of the disagreements with Iran. It was not clear on Friday how far the United States was willing to go toward meeting the Iranian demands or whether Iran would undermine the elaborate arbitration process laid out in the hostage agreements if it did not get its way.

Hostage Deposits

The Jan. 19 hostage agreements provided that the commercial deposits in the United States would be collected and transferred out of the country within six months. About \$1 billion was to be held in the security account and the rest was to be returned to Iran. The official deposits were also to be returned to Iran.

The agreements obligate Iran to replenish the security account as awards are paid, to the extent necessary to keep the minimum balance at \$500 million. But they do not say how the interest on the account is to be disposed of or whether the account can be used to pay settlements as well as arbitration awards.

Lawyers for American companies estimate the total amount of the claims against Iran at \$2 billion to \$4 billion and say they do not trust Iran to replenish the security account or settle claims on a reasonable basis, and want the interest to remain in the security account as a "small measure of protection."

Additional Security

Mr. Olson said that Iran had insisted that it receive the interest on the security account, which would exceed \$150 million a year and which American claimants want to be left in the account as additional security for awards.

Iran has also demanded that the \$1-billion account be reduced by the amount of any payments made in settlement of American claims,

Reagan's Efforts to Revitalize the CIA Complicated by the Casey-Hugel Probe

By Judith Miller
New York Times Service

WASHINGTON — Resignation of the CIA's chief of clandestine operations and a Senate committee's review of Director William J. Casey's financial transactions threaten to set back the Reagan administration's effort to restore the morale and effectiveness of the agency.

Senate Republicans and Democrats agreed Saturday that it is unlikely Mr. Casey will be asked to resign unless the Senate Select Committee on Intelligence should develop additional damaging information.

Administration officials, however, expressed concern over whether the developments, including the resignation of Max C. Hugel, director of CIA covert operations, might undermine the confidence of foreign governments in the committee's review of professional in the U.S. intelligence community.

Intelligence officials expressed concern that the Hugel-Casey affair would unsettle the CIA, which has been trying to return to stability after a decade of crisis and turmoil.

The Senate panel Friday ordered its staff to review allegations of financial impropriety against Mr. Casey. Chairman Barry M. Goldwater, an Arizona Republican, said after a closed committee meeting that the inquiry would focus on Mr. Casey's financial dealings, specifically on what he called "the Louisiana transactions."

A court ruling said Mr. Casey helped to drive Muliponics, an agribusiness firm that went bankrupt in 1971, "deeper and deeper into debt," and another ruling said he knowingly misled investors.

Other committee members said the review also would focus on security procedures at the CIA, and on the relationship between Mr. Casey and Mr. Hugel, a Reagan campaign official with little experience in intelligence who resigned Tuesday in the aftermath of allegations printed in The Washington Post that he had participated in fraudulent securities transactions in the 1970s. He has denied the allegations.

Administration and congressional officials cite these possible effects of the episode:

- The Reagan administration's effort to win support for greater flexibility for the agency, its exemption from reporting and disclosure policies and greater protection for its officials could be complicated.
- Questions are likely to be raised about Mr. Casey's judgment on issues both of personnel and substance, and about what one intelligence official called his overly

romantic view of the agency and nostalgia for a bygone era.

- Tensions are likely to rise between the Senate committee and the agency over evaluations of the quality of CIA analyses and the timeliness of agency reporting.
- At his confirmation hearings, Mr. Casey asked Congress to remove restraints, increase funding and help him reverse what he has called the agency's institutional self-doubt. Adm. Bobby R. Inman, the deputy director, expressed concern Friday at a closed committee hearing that the present controversy might delay action on such issues as granting the agency an exemption from the Freedom of Information Act.
- It is essential, Adm. Inman authorized committee officials to say, that the senators trust the CIA and

have faith in the oversight system so the House and Senate intelligence committees can act as surrogates for the public.

Few of the officials interviewed believed that Mr. Casey's job had been jeopardized by the civil rulings. One former intelligence official, however, reported that some in the intelligence community had turned against Mr. Casey, just as they had against Mr. Hugel, and now wanted Mr. Casey removed as well.

In addition, Mr. Casey's status is complicated by the committee's overwhelming support for Adm. Inman, the deputy whom Sen. Goldwater almost insisted that Mr. Casey hire. Adm. Inman, former director of the National Security Agency, would be a popular successor.

that an official of Foundation Life Insurance had told the subcommittee's investigators that Mr. Ostrer owned 100,000 shares of the company's 3.5 million outstanding shares. This was disputed by Mr. McCann, who said, "Ostrer was never associated with Foundation Life."

Disagreement

Mr. McCann said Mr. Ostrer had acted as a consultant to the union plan and to the Modern Agency. Mr. McCann also challenged the congressional subcommittee's finding that the insurance commissions were too high. "There was no unusual commission paid," he said. "It is set and established."

This was the case, Mr. McCann said, because the insurance policies sold were so-called whole life instead of term policies. While premiums are higher on whole life, that kind of policy has the advantage of accumulating value while the term policy does not.

Members of the subcommittee, including Sen. Charles H. Percy, a Republican from Illinois, have disagreed with that assessment. At the time of the hearing, Sen. Percy said: "Literally what this Ostrer plan does is blatantly strip a group of the privilege of being a group entitled to low insurance rates."

Sen. Percy is chairman of the Foreign Relations Committee and will play a major role in deciding on Mr. McCann's nomination. An aide said Sen. Percy would not comment until the nomination was formally submitted.

Indications Grow That Reagan's Choice For Envoy to Dublin May Be in Trouble

By Irvin Molotsky
New York Times Service

WASHINGTON — Last St. Patrick's Day, President Reagan dropped in at the Irish Embassy and delighted everyone by announcing his intention to appoint William E. McCann, whom he had brought along, as the next ambassador to Ireland.

The delight came from the choice of the day as well as the fact that an Irish-American had been selected. But four months later, the White House has still not formally submitted the nomination to the Senate Foreign Relations Committee, and although the administration has said it has not changed its intentions, there are signs the nomination may be in trouble.

One of the causes of the hesitation appears to be the disclosure that Mr. McCann's insurance company had many business dealings with Louis C. Ostrer, a convicted stock swindler who has been linked by congressional investigators to organized crime figures.

20-Year Jail Term

The investigators said Mr. Ostrer had devised a type of insurance coverage paid for in union-management agreements that led to commissions and fees of 75 to 90 percent.

On Dec. 15, Mr. Ostrer was sentenced in a Manhattan court to 20 years in jail after being convicted of failing to pay taxes on \$5.8 million in income. The prosecutor charged that Mr. Ostrer had made the untaxed income in insurance fees and commissions, some of

which were the result of dealings with the Foundation Life Insurance Co. in Chatham, N.J., of which Mr. McCann is the president.

A congressional study said the commissions made by Mr. Ostrer were "unconscionable." Some of these commissions were on insurance premiums paid to Mr. McCann's company.

Mr. McCann said in a telephone interview, "There was nothing improper." Mr. Ostrer, in the federal prison in Danbury, Conn., did not wish to answer questions.

In Dublin, meanwhile, Irish government officials have expressed doubts about having Mr. McCann as an ambassador. A leading political figure said: "Obviously, if all those allegations are true, well then, it's not a suitable appointment. But our inclination is to wait and see what action is taken on the nomination in Washington. We have a good deal of confidence in the American government's confirmation procedure."

The Irish have been made aware of the matter through articles in The Irish Times, which has reprinted a series of articles from The Star-Ledger of Newark, N.J., listing the business dealings of Mr. McCann's company with Mr. Ostrer.

No Diplomatic Experience

Mr. McCann has no diplomatic experience, but that is not unusual for the Dublin post, which is one of those that ordinarily go to a political appointee rather than a career Foreign Service officer. His link to the administration was as a fund-raiser for the Reagan campaign.

According to an investigation by the Senate Government Affairs Permanent Subcommittee on Investigations, premiums totaling \$315,661 were paid from Nov. 1, 1972, to Sept. 30, 1973, to Foundation Life Insurance on behalf of members of Local 272 of the International Association of Bridge, Structural and Ornamental Iron Workers in Miami.

Of the \$315,661 in premiums, the investigation found, \$312,280 was turned over to Modern Agency, an insurance company, as a commission. Modern Agency was described as "a New York City-based insurance agency wholly owned by Mrs. Dina Gelman, Ostrer's sister."

Another reported finding was

that an official of Foundation Life Insurance had told the subcommittee's investigators that Mr. Ostrer owned 100,000 shares of the company's 3.5 million outstanding shares. This was disputed by Mr. McCann, who said, "Ostrer was never associated with Foundation Life."

Disagreement

Mr. McCann said Mr. Ostrer had acted as a consultant to the union plan and to the Modern Agency. Mr. McCann also challenged the congressional subcommittee's finding that the insurance commissions were too high. "There was no unusual commission paid," he said. "It is set and established."

This was the case, Mr. McCann said, because the insurance policies sold were so-called whole life instead of term policies. While premiums are higher on whole life, that kind of policy has the advantage of accumulating value while the term policy does not.

Members of the subcommittee, including Sen. Charles H. Percy, a Republican from Illinois, have disagreed with that assessment. At the time of the hearing, Sen. Percy said: "Literally what this Ostrer plan does is blatantly strip a group of the privilege of being a group entitled to low insurance rates."

Sen. Percy is chairman of the Foreign Relations Committee and will play a major role in deciding on Mr. McCann's nomination. An aide said Sen. Percy would not comment until the nomination was formally submitted.

Portuguese Bill To Denationalize Vetted by Panel

REVIEW

LISBON — The military council empowered to watch over national affairs in Portugal has vetoed a parliamentary bill aimed at handing huge nationalized sectors back to private enterprise.

The veto on Saturday by the nonelected Council of the Revolution provoked immediate expressions of anger from supporters of the center-right government, which had contended that the measure was essential for the country's economic revival.

The watchdog body, chaired by President Antonio Ramalho Eanes, said the proposal to allow the return of privately owned banks and insurance companies was unconstitutional.

A council statement said the bill would have enabled private businessmen to recreate the type of economic system that supported the rightist dictatorship overthrown by the armed forces in the 1974 revolution.

Portuguese banks and insurance companies were nationalized in 1975 along with key heavy industries in a move that broke what then was the grip of a handful of business groups on most of the economy.

U.S. Plan to Export Coal Includes Ecology Detours

By Philip Shabecoff
New York Times Service

WASHINGTON — The Reagan administration will relax strip-mining rules, accelerate the leasing of federal lands and promote dredging of harbors and rivers as part of a program to stimulate exports of coal, Commerce Secretary Malcolm Baldrige Jr. has announced.

Mr. Baldrige said Friday that the policy is aimed at removing government impediments to coal exports in order to stimulate the domestic economy while "helping the nation's trading partners lessen their dependence on oil supplies."

He said environmental regulations have slowed coal exporting in the past. "We intend to speed up that process," Mr. Baldrige said. "There will still be environmental protection, but we have to shorten the process by which coal mining and transportation is approved."

Meanwhile, Energy Secretary James B. Edwards presented a national energy plan Friday that reiterates the administration's commitment to domestic oil and coal development, nuclear power and free-market forces. The report projects strong growth in energy consumption and leaves conservation and the development of renewable energy sources such as solar power mostly to the market.

"The overriding concern of the federal government," Mr. Edwards said, "is to establish sound policies that will encourage the private and public sectors to produce and use energy resources wisely and efficiently."

Jan Beyea, scientist for the National Audubon Society, said the

policy looked as if it had been prepared by an oil company and if carried out, "We can expect unnecessary raids on federal lands and an unnecessary weakening of the Clean Air Act."

The Commerce Department's new coal policy is intended not to subsidize coal exports but to expedite them, Mr. Baldrige said. A major goal of the program is to make the United States a more reliable supplier. Among other things the United States would promote coal exports, provide foreign investment assistance and encourage private financing.

The administration is also supporting a fee on port users to finance dredging of channels that could be used for deep-draft vessels hauling coal and other bulk cargo. In the past the government has paid for such dredging, but Mr. Baldrige said the federal program is to be discontinued. A shortage of deep-draft ports has hindered coal exports.

Carl Bagge, president of the National Coal Association, an industry group, said of the coal program: "We love it... The real importance of the statement is that it provides a clear signal of the importance of coal exports."

But Louise C. Dmigo, executive vice president of the Environmental Policy Center, called the coal policy "unfortunate and unnecessary." Increased environmental problems would promote increased controversy that would make American coal less attractive to foreign buyers and investors, she said.

Peru Announces Austerity Plan

UNITED PRESS INTERNATIONAL

LIMA — Peru's civilian government, about to mark its first anniversary in office, has announced the beginning of a "severe" austerity program.

President Fernando Belaunde Terry, who took office last July 28, ending 12 years of military rule, is faced with a \$1-billion deficit and rapidly declining prices of major exports, especially silver and other minerals. The nation's monetary reserves have decreased by \$300 million this year, officials said.

Manuel Ulloa, minister of economy and finance, announced Saturday an effort at reducing public spending to save \$100 million during the next year. "It's a very tough move," Ulloa said. He has asked all government ministers and the directors of all public sectors to begin trimming air budgets.

2 Die in Canadian Crash

UNITED PRESS INTERNATIONAL

GOOSE BAY, Newfoundland — A West German pilot and his navigator were killed Saturday when their F-4 Phantom aircraft crashed into a lake near the Canadian Armed Forces Goose Bay Base during a training flight. The cause of the crash has not been determined.

IBERIA'S TIPS ON FLYING

TIP 1

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By-Election Marks Emergence Of New-Style Party in Britain

By R.W. Apple Jr.
New York Times Service
LONDON — The Social Democratic Party, barely four months old, came within an ace Thursday night of winning a by-election in a constituency where the Labor Party has reigned since World War II. After years of speculation about a realignment of British politics, some politicians now say it might be just ahead.

The election in Warrington seems to have marked the emergence of a new-style party, commanding broad support without a class or geographical base, dependent upon neither the trade unions nor the landed gentry, positioned squarely in the center and capable of damping the wild oscillations from left to right that have marked the postwar era.

Roy Jenkins, a former minister in Labor governments, asked himself and everyone else by taking 42 percent of the vote at Warrington.

Most political commentators had agreed before the voting that because of its working-class character, Warrington would understate the Social Democrats' strength in the average English constituency by about 5 percent. By that reckoning, the new party and its Liberal allies would poll 47 percent of the vote and gain 500 seats, an overwhelming majority of the 635-seat House of Commons, in a general election.

NEWS ANALYSIS

Fickle Indicators
That seems highly improbable, and by-elections are notoriously fickle indicators. But politicians of all parties agreed that Warrington had established the Social Democrats as a major political force.

"The result means that, at a minimum, we will hold the balance of power in the next Parliament," said David Owen, one of the founders of the new party along with Mr. Jenkins. "And it is certainly quite possible that we shall form the next government."

A surge in the Social Democrats' membership is expected, as are more defections by right-wing Labor and left-wing Tory members of Parliament. The Social Democrats have only 15 representatives in the House of Commons.

The Social Democratic-Liberal alliance will be favored in the by-election in the London suburb of Croydon in the fall, in the by-election expected at Bermondsey in the London docklands somewhat later and in most other contests in the coming months.

When the vacancy at Warrington occurred, political professionals said it might prove a disaster for the new party, and the party's leaders were not eager to run. But Mr. Jenkins, who has often been derided in recent years for his patrician tastes and for his presidency of the widely unpopular European Economic Community, decided that he must show that the Social Democrats were willing to do battle.



Roy Jenkins, standard-bearer for Britain's Social Democrats in their first election rally, was pensive as he heard the results of last week's by-election in Warrington, which he narrowly lost.

U.K. Anti-Riot Response Assailed by Labor Aide

Reviews
DORCHESTER, England — Ron Hayward, the general secretary of the opposition Labor Party, Sunday condemned the government for responding to 12 nights of street violence in British cities by promising tough new anti-riot equipment.

"We do not believe that the use of water cannon, CS gas or rubber bullets will help the police to help us," he told a trade union rally in the village of Tolpuddle near this southwestern town.

"They have not been much help in Belfast, Detroit, Chicago, Berlin, Amsterdam or Japan, where rioting is, or has been, a way of life," he said.

The Conservative government of Prime Minister Margaret Thatcher offered police CS gas, water cannon and plastic bullets after the rioting, which Labor has blamed on high youth unemployment and deprivation in Britain's inner cities.

Albanian Exiles Deny Shootings

Reviews
BRUSSELS — Exiled Albanian nationalists seeking autonomy for the Yugoslav province of Kosovo have denied responsibility for a gun attack on Yugoslav diplomats here.

Ydriz Basha i Novosjek, secretary-general of the Union of Albanian Nationalists, told a press conference Friday that the group had renounced violent action in its fight to win more self-rule for the southern Yugoslav region. A Yugoslav diplomat and an embassy employee were wounded in last Tuesday's shooting.

Last Resort
Hundreds of policemen were hurt in the riots and more than 2,000 persons were arrested but police chiefs have said they will only use the new equipment as a last resort.

Sunday's statement came after an accusation from the Labor Party's left wing on Saturday that British police may become "armies of occupation," enforcing government policies responsible for high unemployment and social unrest.

Tony Benn, a possible future party leader, charged that the government was using the riots as an excuse to impose police control.

"If the Cabinet adopts such repressive policies, it would mean using the police, possibly backed up by troops and new legislation for openly partisan political purposes," Mr. Benn said.

Kosovo Leader Resigns

BELGRADE (AP) — David Niman, president of Kosovo province where at least nine persons died in riots earlier this year, has resigned, the Yugoslav news agency Tanjug reported Friday. No reason was given for the action.

No Rioting Reported
Scotland Yard, meanwhile, reported no new rioting or urban violence during the weekend.

Special detachments were on standby as a precaution in some of the cities where youths have rioted during the last two weeks, police officials said.

Mr. Hayward said the Labor Party deplored violence but he added: "It is dangerous, deluding nonsense to suggest that a hard-line police response, backed by stiff court sentences, will solve the problems that are causing our cities to erupt."

A police investigating team Sunday finished taking statements from black residents in Brixton. The residents have accused the police of causing extensive damage last Wednesday during a raid on shops and houses in search of gasoline bombs and looted goods.

The police inquiry into the raid, which was criticized by politicians and the press, was ordered by Home Secretary William Whitelaw.

Monday the team, led by Geoffrey Dear, London's deputy assistant police commissioner, will start interviewing officers who took part in the raid.

AFL-CIO to Stage March Over Cuts in U.S. Budget

By Harry Bernstein
Los Angeles Times Service
WASHINGTON — Breaking with tradition, the AFL-CIO is planning a massive street demonstration in Washington to protest cuts in the federal budget, union leaders have said.

The labor federation has called on its members to take to the streets Sept. 19 to show their displeasure with the Reagan administration's domestic policies, which some union leaders have characterized as "turning back the clock on 50 years of social progress."

The planned march, which AFL-CIO officials hope will attract tens of thousands of protesters from hundreds of unions and other groups, is a major departure from the organization's policy of avoiding large street demonstrations. When civil rights groups, composed mostly of blacks, sponsored a march on Washington in 1963, the labor federation refused to join in.

George Meany, former president of the AFL-CIO, believed that mass marches, such as the 1963 march that drew more than 200,000 protesters, were too radical and, thus, ineffective. And because Mr. Meany supported the war in Vietnam, the AFL-CIO scorned mass protests against it.

But his successor, Lane T. Kirkland, said that the AFL-CIO is sponsoring the Sept. 19 rally, called Solidarity Day, in cooperation with nearly 180 other organizations, because "changing times call for changing tactics."

Relations between President Reagan and organized labor have been bitter, with Reagan aides complaining that the unions, with some exceptions, almost automatically reject all of the president's social and economic programs.

But Thomas Donahue, secretary-treasurer of the 13.5 million-member federation, said that the unions oppose the Reagan programs "because they hurt every worker in America and not because we opposed his election."

No Consultations
Moreover, Mr. Donahue said, Mr. Reagan has not consulted with union leaders, "other than the few who supported him in the election, on either legislative issues or appointments of any kind."

Mr. Kirkland has called the leaders of all 102 unions affiliated with the AFL-CIO to an Aug. 6 meeting in Chicago to discuss plans for the Washington demonstration.

Most unions are bitterly opposed to the deep cuts in the administration has asked Congress to make in such social programs as unemployment assistance, public sector jobs and food stamps.

While Mr. Reagan has said that he wants continuing discussions with organized labor, Mr. Donahue said that the only time that union leaders are able to talk to an administration official is when the union officials invite Reagan aides for lunch.

Mistrial Declared In U.S. Nazi Case
United Press International
ASHEVILLE, N.C. — A mistrial was declared after a federal jury failed to reach a verdict in the case of six Americans accused of plotting a terrorist bombing attack on the city of Greensboro, N.C.

The jury reported Saturday that it was deadlocked, and U.S. District Judge Woodrow Jones set the panel back for another try. But the jury again reported that it had been unable to reach a decision, and the mistrial was declared.

Judge Jones rescheduled the trial in September. The defendants were accused of conspiring from July, 1980, to November, 1980, to set off explosives at a petroleum storage facility, a shopping mall and several unspecified locations in downtown Greensboro.

Tibor Udvardy, Operatic Tenor, Dies in Budapest

The Associated Press
BUDAPEST — Tibor Udvardy, 67, a Hungarian tenor whose international opera engagements ranged from New York to Moscow, died Friday.

After studies in Budapest's Ferenc Liszt Academy of Music, Mr. Udvardy made his debut at the Budapest Opera in 1939. His range extended from lyrical to heroic tenor roles.

Fernando Berckemeyer
LIMA (WP) — Fernando Berckemeyer, 76, the ambassador of Peru to the United States from 1949 to 1963 and from 1968 to 1975, died Friday. He had a respiratory ailment. Mr. Berckemeyer also was minister to Sweden from 1946 to 1948 and ambassador to Britain from 1947 to 1948.

Jose Maria Peman Pemanarin
CADIZ, Spain (Reuters) — Jose Maria Peman Pemanarin, 84, the poet, novelist and playwright, died Sunday, his family said. He produced 15 books of poetry, 26 novels or collections of essays and more than 60 plays.

Canada Postal Strike Enters Fourth Week

United Press International
OTTAWA — A strike by postal workers enters its fourth week Monday with some businessmen claiming losses of up to 10 million Canadian dollars (\$8.3 million) a day as a direct result of the strike.

The Canadian Union of Postal Workers, without a contract since Dec. 31, struck June 29 to press demands, including a 17-week paid maternity leave and improved health and safety conditions. The government has rejected the demands, saying such a settlement would result in a 28-percent wage increase. The two sides are continuing negotiations through a mediator.

French Decentralization Plan Is a Radical Transfer of Power

By Frank J. Prial
New York Times Service
PARIS — France's new Socialist government has approved what may be the most radical of all its proposed reforms, the decentralization of the national government. The measure, called "The Rights and Liberties of the Communities, Departments and Regions," was described by Prime Minister Pierre Mauroy as "the most important affair of our seven-year term."

"We must rid ourselves of what remains of Napoleon's ancient regime," Mr. Mauroy said recently. "The men of the chateaus are gone now," he said, referring to the defeated government of Valéry Giscard d'Estaing. "We must accomplish the historic task of creating a republic of citizens."

The decentralization program, which is sure to be passed by the Socialist majority in the National Assembly, calls for a transfer of power from the departmental prefects, appointed by the government in Paris, to regional and departmental councils.

The plan, which will take effect over three years, calls for the dismantling of a form of government that has been in effect — virtually unchallenged — for more than four centuries. Students of French government say the accretion of power by Paris has accelerated markedly since World War II.

The first step of the plan, to be implemented almost immediately, effectively ends the powers of the 21 regional and 96 departmental prefects. Their most important powers are negative. They have the right of veto over all administrative and fiscal matters voted by local governments.

Second Step
The second step, to be accomplished within a year, will set out exactly what the powers of the bodies replacing the prefects — regional and departmental councils — will be. The final segment of the plan will determine to what extent local authorities will be responsible for their own finances.

President Francois Mitterand made decentralization one of the key planks in his campaign platform and even some of his opponents endorsed it. There is almost no French citizen who has not suffered intense frustration at the hands of — or from neglect by — the central government. Stories of waiting 10 years to get a road approved in Angoulême, four years to get a street name changed in Nîmes are routine because almost everything that is done by a government agency must pass through the appropriate ministry in Paris.

The prefects, who are ranking civil servants with good Paris connections, have been transferred like ambassadors from one department to another with no thought to their familiarity with local problems and local politics. When, after more than a century of indifference to local feelings, former President Giscard d'Estaing appointed a Corsican as prefect of Corsica, it was considered a major breakthrough. After two years, however, the man was promoted to a high ministerial post in Paris.

Under the proposed law, the elected leaders of local governing bodies, along with the elected regional and departmental councils will have the right to determine

Reagan Reportedly Decides Trade Policy

(Continued from Page 1)
House was increasingly moving toward practical decisions instead of posturing in foreign policy. Others expressed great unhappiness about what they saw as a severe problem of logic and politics, that is, asking the American people to go along with sharp increases in military spending to hold back the Soviet Union yet not taking an equally tough position on the economic matters.

Until the middle of last week, when Mr. Reagan made his decision, he was prepared to go far to keep his options open while others were trying to close them. On July 13, the office of Mr. Schmidt announced that the pipeline deal was "as good as complete." Within minutes, officials said, Mr. Reagan had a telephone call placed to a Schmidt aide, and two hours later the announcement was withdrawn.

The following account of the background to the president's decision was provided by officials in many of the agencies involved in the two-month policy review.

Mr. Casey submitted a paper backing Mr. Weinberger's position. He had discarded a pro-Haig paper prepared by the economic and energy staff of the CIA and ordered a staff aide to write the second paper.

At a meeting of the National Security Council on July 7, there was agreement that Western equipment would be important to Moscow and that sales of critical materials should be curtailed, but on little else. They could not agree on whether Moscow faced simply energy problems, or whether it would be wise to try to close off energy-related exports and on whether Moscow would react to such a move by allocating more of its scarce resources to peaceful economic pursuits or by putting more pressure on the Gulf area to obtain more energy.

Mr. Haig made the case for not pressing the Soviet Union so hard across the board that it would become unpredictable. Mr. Weinberger countered that Moscow was going to cause more trouble in the Gulf area no matter what Washington did on trade, and that an embargo would force Moscow to divert funds from the military.

Under the Export Control Act of 1979, the export of certain advanced technology products must be approved and licensed by the government, and licenses can be denied on foreign policy or national security grounds. After the Soviet military intervention in Afghanistan, the Carter administration embargoed transfers of technology that could be used for military as well as economic purposes, and of technology to be used in the production of equipment. The question before the president was whether to extend the embargo to all strategic equipment.

At a second NSC meeting, on July 9, Mr. Haig argued for adding specific items to the embargo list, such as silicon chips used in computers. Mr. Weinberger argued for a complete embargo of critical technology and equipment that could have a military use.

The second issue was the pipeline, a projected \$10-billion-plus enterprise in which several European countries would finance the building of a pipeline from Siberian fields in exchange for the natural gas that would flow through the pipes.

Europe as Hostage
Mr. Weinberger and Mr. Casey argued for preventing the deal on the grounds that Western Europe would become hostage to a cutoff of supplies.

Mr. Weinberger and the others agreed that, because the prospective deal had been reduced from two pipelines to one and because France had almost halved its requirements, and Belgium had dropped out, the pipeline had boiled down to West German dependence.

There was also agreement that the pipeline would, at most, increase West European dependence on the Soviet Union for its energy requirements by only 1 percentage point — from 8 percent in 1979 to 9 percent in 1985. But by 1990, West Germany would be receiving about 29 percent of its gas from the Soviet Union.

Mr. Haig outlined a "safety net" concept. It consisted of the allies' buying less in the first place; building up a six-month emergency supply; making sure the major gas users in Europe were industries rather than residences, so they could switch to oil, and ensuring that there would be a separate West European gas network so West Germany could receive gas from the Netherlands and Norway.

The last agenda item was the proposed sale of 100 pipe-laying tractors for \$40 million. The tractors would not be used for the pipeline to West Europe but in existing Soviet gas fields. Against Mr. Weinberger's proposal for rejection of the license, Mr. Haig maintained that the Soviet Union already had 1,000 of these pipe-layers from the United States, and 500 from Japan, that the deal was small and that Japan would sell them if the United States did not.

Banned Neo-Fascist Rally Blocked by Spanish Police

Reviews
EL ESCORIAL, Spain — Government police prevented 300 Spanish neo-Fascists from holding a banned rally Sunday in this former royal vacation spot.

A confrontation between members of the extremist Fuerza Nueva Party and Civil Guards was averted when party leader Blas Finar called his followers outside the local bullring to avoid violence. "We will not fight the Civil Guard, a body of honor which has our respect and which has given so many martyrs to Spain," he said to cheers of his flag-waving supporters.

Mr. Finar then led assembled rightists to a Mass at the nearby Valley of the Fallen, a vast mausoleum holding the tomb of Franco. Finar had planned to hold a rally in the bullring at El Escorial as part of celebrations to mark Saturday's 45th anniversary of Franco's joining of the 1936 uprising. The meeting was banned by local Madrid authorities on the grounds that permission was requested too late.

Civil Guards carrying riot-gas guns and others on horseback blocked the entrance to the small bullring as rightists waited for Mr. Finar. After talking to the commander of the Civil Guard, the rightist deputy asked the crowd to withdraw peacefully. "I ask you to give a lesson in good discipline," he said.

The demonstrators sang the Falangist anthem with right arms raised in the traditional Fascist salute and then left for the Valley of the Fallen.

Press Assails Defferre
MADRID (Reuters) — The Spanish press reacted angrily Sunday to statements by French Interior Minister Gaston Defferre that France would not extradite suspected Basque guerrillas wanted for trial in Spain.

Mr. Defferre told the French weekly Le Nouvel Observateur that extradition was against France's traditions, especially as far as a political struggle was concerned. The Spanish daily ABC called the statements an intolerable interference in Spanish affairs and the Roman Catholic newspaper YA said that if Mr. Defferre considered Basque terrorists to be political fighters he could skip his planned visit Tuesday to Madrid.

Little Agreement

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NEWS FROM MIFED
Milan, June 16, 1981.
MIFED — International Film, TV Film and Documentary Market — has just announced that its 44th Session will take place from October 19 to 30, scheduled as follows: MIFED INDIAN SUMMER (October 19-25); MIFED EAST-WEST FILM MARKET (October 25-30); MIFED TRADITIONAL (October 25-30).

MIFED — which is recognized by the trade as the most important rendezvous in the Fall for television executives — not only for foreign buyers and by RAI-TV buyers, responsible for the three channels of the Italian State Television, but also by the many buyers of the major Italian private stations.

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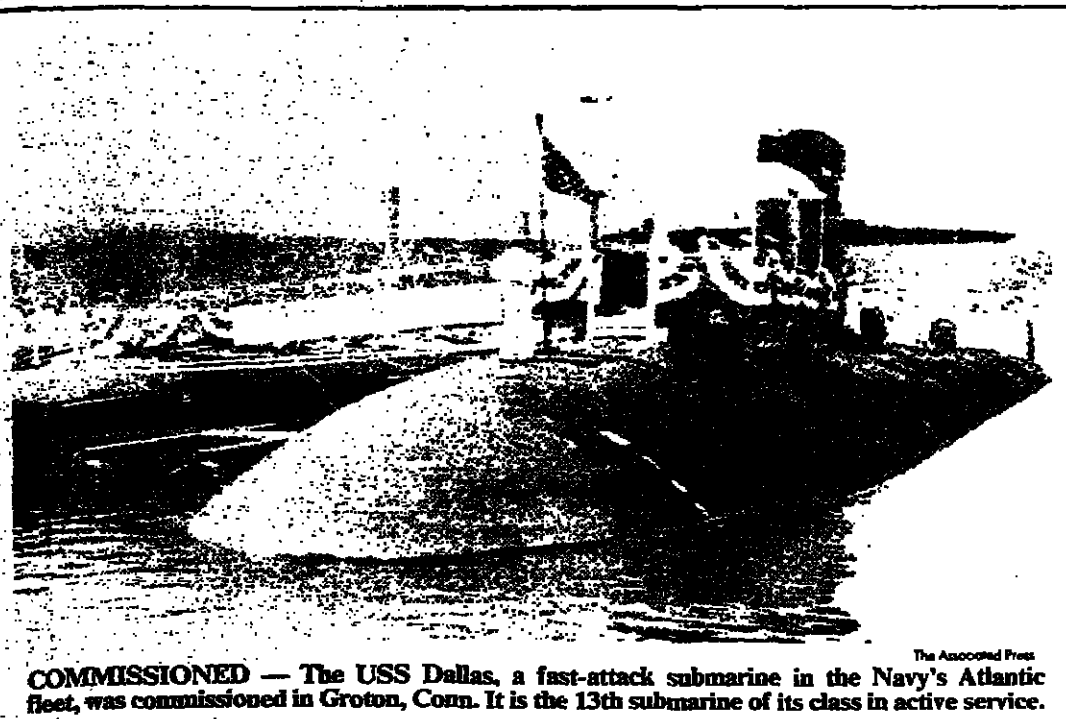
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COMMISSIONED — The USS Dallas, a fast-attack submarine in the Navy's Atlantic fleet, was commissioned in Groton, Conn. It is the 13th submarine of its class in active service.

Italy Names 5 New Chiefs In Military

ROME — The government has appointed five new armed forces chiefs in an unprecedented peacetime reshuffle. Gen. Vittorio Santini, commander of NATO ground forces in southern Europe, was named chief of the defense staff on Saturday. He replaces Adm. Giovanni Torrisi, who resigned 10 days previously because of the scandal over the P-2 secret Masonic lodge.

New chiefs of staff of the army, navy, Carabinieri and customs police were also named Saturday. The former head of the customs force, a paramilitary body, also resigned after the Masonic scandal. The heads of the army and navy had both reached retirement age.

Defense Minister Lelio Lagorio, referring last week to the impending reshuffle, said that the new military chiefs would be men of "a high degree of professionalism, a spotless background, and who can guarantee their loyalty to the republic."

Gen. Umberto Cappuzzo, head of the Carabinieri, was promoted to chief of the army staff, and Adm. Angelo Monassi, commander of NATO naval forces in southern Europe, was named chief of the naval staff.

Gen. Lorenzo Valditaro, the northeast regional military commander, took over the Carabinieri post, and Gen. Nicola Chiari, chief of the Fifth Armored Corps, the customs police.

The Rome newspaper Il Messaggero said that Italy's military establishment had seen no comparable shakeup since the defeat by Austrian forces at Caporetto (Kobarid) during World War I.

Interior Minister Virginio Rognoni later named two new secret service chiefs to replace those who resigned over the Masonic scandal.

Emanuele de Francesco, 60, prefect of Turin, was appointed head of the Internal Security Network (SISDE). Orazio Sparano, 55, former prefect of Padua, was put in charge of the Information and Security Committee (CESIS), which coordinates the secret services.

Mr. Rognoni did not name the new head of external security (SISME) and gave no explanation for the omission.

Djuranovic Quits Athens — Premier Veselin Djuranovic of Yugoslavia ended a three-day visit to Greece on Sunday and returned to Belgrade, a government spokesman said. A joint communiqué said that relations between Greece and Yugoslavia had improved and that both sides pledged to expand relations.

U.S. Urges Pregnant Women Not to Drink

Abstinence Advised Because of Uncertainty on Birth Effects

By Joel Greenberg
New York Times Service

WASHINGTON — Pregnant women should drink absolutely no alcohol, the surgeon general has officially advised doctors in the United States.

Previous warnings have stopped short of advocating abstinence. But public health officials now say they know too little about the effects of even small amounts of alcohol to condone the use of even one ounce of alcohol during pregnancy.

The advisory, issued in the July issue of the Food and Drug Administration's Drug Bulletin, comes in response to an exhaustive review of scientific research during the last decade into the effects of alcohol consumption on pregnancy, according to John DeLuca, director of the National Institute on Alcohol Abuse and Alcoholism.

The review was forwarded to the president and the Congress last November. It was compiled by the institute along with the Food and Drug Administration and the Bureau of Alcohol, Tobacco and Firearms.

Uncertainty
Several studies published in the last five years indicate that pregnant women who drink as little as one ounce of alcohol a day tend to have children with low birth weights, and women who drink just one ounce of alcohol twice a week show an increased incidence in spontaneous abortion.

While scientists have been relatively certain for years that excessive drinking — at least 3 to 4 ounces of alcohol a day — can contribute to birth defects in newborn babies, they have been unsure about the effects of light drinking.

And although the latest findings suggest that any alcohol consumption can affect unborn babies, researchers say they are still uncertain about the extent of the effects.

"It's really quite simple: We don't know a safe level," said Mr. DeLuca, who conducted the study for the institute. "I can't say that one drink is safe and one and a half is not — the science does not allow us to do that."

Mr. DeLuca said he was not telling pregnant women that because they might have had a few drinks, their babies would be damaged. "I would tell pregnant women to relax and have a healthy baby," he said. "But I would recommend that they stop drinking."

But the warning was criticized as "overkill" by Dr. Morris Chafetz, the founding director of the National Institute on Alcohol Abuse and Alcoholism from 1970 to 1975. Dr. Chafetz said that the studies reviewed for the institute's report "leave a great deal to be desired."

Other Factors Cited
Many of the studies surveyed mothers and babies after, but not before and during, pregnancy, he said. Therefore, it was not possible to tell whether small doses of alcohol —

rather than tobacco, stress, poor nutrition or other factors — were primarily responsible for the low birth weights and spontaneous abortions.

"For the surgeon general to take that kind of data and make such sweeping implications is wrong," said Dr. Chafetz, who is now president of the nonprofit Health Education Foundation in Washington.

The current surgeon general's advisory urges total avoidance not only by women who are pregnant, but also by those who are planning to be.

"We reviewed all the science in the area essentially since the beginning — beyond the last 10 years," Mr. DeLuca said. "Our recommendation was based primarily on the link between excessive consumption and birth defects."

Excessive drinking has been reported to trigger a wide but definable range of birth problems known as fetal alcohol syndrome. Defects associated with the syndrome can include one or more of the following: mental retardation, central nervous system disorders, growth deficiencies, certain facial abnormalities and other malformations, cardiac and other organic problems.

The reported effects of alcohol occur independently of those caused by smoking and poor diet, according to the advisory. "In addition, it has been readily demonstrated that alcohol readily enters the breast milk and thus is transmitted to the nursing infant," the advisory states.

China Prevents UN Talks on Cambodia From Barring Possible Return of Pol Pot

By Bernard D. Nossiter
New York Times Service

UNITED NATIONS, N.Y. — China has succeeded in blocking a United Nations conference on Cambodia from placing obstacles in the way of a possible return to power by the deposed Pol Pot faction.

A gathering of 92 nations on Friday ended its weeklong deliberations here with a declaration acknowledging that the Pol Pot group and other insurgent factions can keep their arms. The document implicitly permits the return of the Pol Pot group to administer Phnom Penh if and when UN-supervised elections are held there.

The conference, however, had a marred air of unreality. It was designed to open the way for negotiations on withdrawal of the 200,000 Vietnamese troops who now occupy Cambodia and on free elections. But neither Vietnam, whose soldiers deposed Pol Pot in 1979, nor its ally, the Soviet Union, attended. They called the meeting illegal and one-sided.

The only practical result of the conference appears to be the creation of a committee of seven nations charged with "maintaining contact with the parties to the conflict." The hope is that they will draw Vietnam into talks.

Outside the meeting, Ha Van Lau, Hanoi's representative at the United Nations, said he would not recognize any committee created by the conference. But he pointedly refused to say that Vietnam would not meet with the group if it dropped its conference label, and he thus left the door slightly ajar for talks.

China's success in defending the rights of the Pol Pot faction, which it backs with weapons and aid, was all the more remarkable because China was backed only by Chile and Pakistan, diplomats said.

China maintains that the Pol Pot group, which sits in Cambodia's seat in the United Nations, is the victim of Vietnam's aggression and that it is the legitimate government of Cambodia.

The Southeast Asian countries, led by Singapore, had tried to hamper a restoration of power to the Pol Pot group, which is accused of actions while it was in power that took perhaps three million Cambodian lives. Singapore drafted a declaration that would disarm all factions in Cambodia and provide an interim or neutral administration when elections are held.

But the final draft, a product of long bargaining, only urges "appropriate measures to ensure that armed factions" will not disrupt elections or coerce voters once Vietnam's troops pull out.

This would give the Pol Pot faction, with about 25,000 guerrillas, a great advantage. Its only armed rival, led by the non-Communist Son Sann, claims about 2,500 guerrillas. According to the Pol Pot

group, the Son Sann forces are engaged more in smuggling than fighting in the Vietnamese.

Instead of Singapore's call for a neutral administrator during elections, the final document merely urges "appropriate measures for the maintenance of law and order." That could let an armed Pol Pot group be present in the capital during the vote.

'Appropriate Measures'
Singapore and the other Southeast Asian nations at the conference had hoped to extend an olive branch to Hanoi by inviting Heng Samrin, the titular Cambodian president installed by Vietnam. China stopped that, too, asserting that Heng Samrin has no standing.

Finally, the Singapore group urged a specific offer of aid to Vietnam if it pulled out its troops. But again China won the drafting battle, and the declaration calls only for aid to "all states of the region," without mentioning Vietnam.

China's drafting victory resulted from two factors. The nations here were determined that any document must win unanimous approval and that no provision should be shown to Hanoi. In addition, there was a widespread feeling that the document should emphasize principles and not be too concerned with details. Both China and Singapore say their principles were upheld.

The seven nations on the committee that will seek to engage Vietnam in talks are Thailand, Malaysia, Japan, Sri Lanka, Nigeria, Senegal and Sudan. More may be added later.

Black Pilot Defector Poses Problem for South Africa

By Jack Foisie
Los Angeles Times Service

HOEDSPRUIT, South Africa — Lt. Adriano F. Bomba, a 23-year-old Mozambique fighter pilot who defected to South Africa earlier this month, is causing the South African government a large headache.

He wants to settle in South Africa — to resume his interrupted education, he said. But Lt. Bomba is black, and the fact that he speaks four languages and can fly MiG jet fighters does not qualify him for residence in South Africa, nor to enter into the South African Air Force under present law.

There are few enlisted blacks in the air force, and none who are officers.

Under South African segregationist policy, Adriano Bomba is a "foreign black" and eligible to be in the country only as a contract laborer from a "tribal homeland" to which he must return after his labor is completed.

Asked if he had not foreseen that problem, Lt. Bomba replied obliquely: "After my country's propaganda, I was surprised to see how blacks and whites interact." But he added that by being restricted to this air base since he landed a Soviet-built MiG-17 here on July 8, "I have not yet been fully enlightened" about racial conditions generally.

With three years of jet training in the Soviet Union, Lt. Bomba represents an unusual source of military intelligence. As one of only 22 fighter pilots in the Mozambique Air Force, he is also providing technical information about Mozambique aerial defenses and what the Soviet Union and other Communist countries are providing.

Lt. Bomba has been helpful during interrogation. South African Air Force Brig. A.J.S. van der Lith said. The latter is air force chief of intelligence and played host at an unprecedented visit by foreign newsmen to South Africa's most modern air force installation, located close to the Mozambique border.

In answering newsmen's questions, Lt. Bomba denounced the Frelimo Political Party that rules Mozambique and to which he belonged. The South African government is capitalizing on this opportunity to display its first black defector to a white regime.

Lt. Bomba is likely to be granted asylum and is seeking permanent residence. Not to give him refuge would mean sending him back to almost certain death by the Mozambique government.

"Whatever status I receive, I do not intend to become involved in internal politics," Lt. Bomba said, a reference to the majority black population's campaign to gain equality with whites.

The pilot, wearing a starched camouflage uniform, said his bitterness toward the Mozambique government, headed by Samora Machel, stems from a Machel order that high school education be shortened to provide semitrained men for the armed services and government civil service.

The order caused Lt. Bomba to miss his final year of high school, and put him in the air force instead.

When he decided to flee, he considered South Africa as his only haven, despite its racist policies. To fly to neighboring black-ruled countries, all friendly to President Machel, would have led to his being returned to Mozambique for punishment, he believes.

Hearing by radio that Lt. Bomba had defected, his brother Bonaventura and his wife and son, who were in the small black state of Swaziland at the time, also fled to South Africa. Their request for asylum is also being considered. Brig. van der Lith disclosed. Bonaventura is a musician. The Bombas' parents and six sisters remain in Mozambique; their fate unknown.

India Said to Refuse U.S. Offer of F-16s
NEW DELHI — India some time ago declined a U.S. offer to supply older, less powerful models of the F-16 fighter plane, The Press Trust of India reported Sunday from Defense Ministry sources.

The United States recently decided to sell F-16s to Pakistan and came under attack from the Indian government.

2 Killed on Mont Blanc

AOSTA, Italy — Two Dutch Alpinists fell to their deaths Saturday while scaling the Zinalrothorn peak of Mont Blanc, the police reported.

The two climbers, a 35-year-old and a 37-year-old, were part of a 15-man expedition led by a 45-year-old Dutch alpinist. The two deaths were the first in a series of accidents on the mountain since the start of the season.

The expedition was on its way to the summit of the mountain when the two climbers fell. The cause of the accidents is still under investigation.

The Zinalrothorn peak is one of the most difficult to climb in the Alps. It is a popular route for experienced alpinists.

The mountain is part of the Mont Blanc massif, which is the highest in Europe. It is a popular destination for tourists and alpinists alike.

The police reported that the two climbers were found dead on the mountain. Their bodies were recovered and taken to a hospital in Aosta.

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Is there a hole in our argument?



The ability to continually stimulate fresh impetus nearly always presupposes natural enthusiasm, mental agility and physical fitness. And people who possess these attributes to an exceptional degree very often share a fundamentally competitive attitude to life: both in their professional and leisure activities. A company isn't so very different. If it is involved in competition — as BMW is in motor sport — it is fit, enthusiastic and more capable. In short, it is more successful.

However, the moving spirit of the company, its virtues and attitudes, its healthy approach to competition, together with the ability to generate genuine enthusiasm, influence more than just the character of our products. To us, a competitive spirit also means having more courage to pursue original and unusual ideas, to tread new paths. And, above all, the ability to answer new problems with new solutions faster and with greater flexibility.

This becomes particularly evident in times of economic difficulties. On the one hand, there are the pessimists who continuously emphasize only the difficulties with increasingly strident rhetoric. And on the other, there are those people for whom problems represent nothing more than a new challenge to work with even greater dedication and to search for new solutions and approaches even more intensively. Because they appreciate that, in spite of hostile circumstances, success can always be achieved through greater vigour and new, innovative ideas.

That is why we feel that the competitive element, which is a constant factor in the BMW character, is not only completely compatible with a name that is synonymous with the world's finest cars. But is also an essential prerequisite for us to remain where we are now — at the top.

If more and more demanding drivers vote in favour of our idea of motoring excellence, it must surely be because they discover that a BMW reflects their own attitudes and character most accurately. In other words, the qualities to which they — and we — owe success.



BMW AG, Munich

More Blind Violence

When the cycle of death subsides again in the Middle East, there will still be an Israel and there will still be a Palestinian problem. The Palestine Liberation Organization will still get blood money from Arab states and arms from the Soviet bloc. Israel will still get F-16s from the United States.

Violence that can alter political realities can at least be said to have a political purpose. Violence that alters nothing is a desperate confession of political bankruptcy.

The Palestinians rain terror on Israel without a plausible political program. If it's a haven in Lebanon for which they die, they surely know that Israel will not tolerate it as a sanctuary for military action. If it's the West Bank for which they struggle, this is hardly the way to demonstrate a desire to live peacefully beside Israel.

But Israel's massive retaliations serve no saner purpose. As long as Prime Minister Menachem Begin's only answer to Palestinian nationalism is the absorption of a million

Palestinians into a Greater Israel, he makes martyrs of fanatics and a goat of Egypt's President Anwar Sadat.

Begin's historic assignment is not the slaying of a hundred Arabs for every Israeli casualty. The Arab world well knows of his superior, American-sponsored firepower. Israel's duty now is to translate military strength into a diplomacy that gives true promise of disarming its enemies.

And what could be more bankrupt than the on-again off-again F-16 signals from Washington? Delaying a few planes will never still Israeli guns in mid-battle. Nor will it prove evenhandedness to Arabs. There are clearer ways to register discontent with Begin's policies and America's determination not to follow him down a blind alley.

Israel exists, Palestinian nationalism is real and the West Bank remains negotiable. That is the tripod for an American policy that the Reagan administration had better erect soon.

THE NEW YORK TIMES.

An Alliance of Skeptics

Having won over most of the domestic opposition, Ronald Reagan now takes his economic magic show before the allies, at his first industrial summit in Ottawa.

The European, Canadian and Japanese leaders can be dismissed as bad sports, weeping for a weaker dollar just as they used to shout for a strong one. But while the allies do not vote in American elections, they belong to Reagan's constituency. The American economy still dominates the West to such an extent that any storm in the United States produces tidal waves of discontent across both oceans. A decent foreign policy requires that Reagan's colleagues be not only humored, but that they be convinced that the president knows what, economically speaking, he's about.

And the allies are skeptical. They doubt that Reagan's approach will soon produce vigorous growth, moderate inflation and a balanced budget. They fear that their own economies will be further damaged while the president learns a painful lesson.

In fact, the politicians in Bonn and Paris only echo the skepticism that can be heard in Wall Street. Like Americans, they are impressed so far only by the bold cuts in federal spending for civilian programs. On that front, Reagan has produced something of a revolution, forcing Congress to curtail expenditures that only a year ago appeared politically sacrosanct. But these savings will be substantially offset by higher military spending, which accounts for the fear that his simultaneous tax cuts will only perpetuate high inflation.

Indeed, the president himself has virtually abandoned the rationale he once offered for large tax cuts: a bold "supply-side" stimulus for savings and investment. What now impends is a fat and floppy Christmas tree of tax reductions that will surely enlarge the federal deficit, stimulate consumption and leave inflation untamed.

It is this confused fiscal strategy that leaves the Federal Reserve Board with an essentially impossible task, as its chairman, Paul Volcker, has begun to complain. He is left to battle alone against inflation by tightening the money supply without provoking a lengthy recession. It would be quite a trick.

The Fed's lonely battle against inflation has already driven interest rates so high that its own economists are surprised. And these high U.S. rates leave Europeans in a no-win situation. If they set their own rates higher to compete, they cause a further slowdown in their economies. If they stick with lower interest rates, the deterioration of their currencies in world markets produces more inflation at home.

Similar dilemmas haunt the policy inside the United States. While Reagan tries to encourage investment by reducing taxes, the Fed's high interest rates will only discourage investment. And while high interest rates may help to hold down some prices as economic activity slows, they also add pressure to prices by raising the cost of doing business, both public and private.

In a more rational world and with different advisers, Reagan would have used his political power to pursue a more coherent strategy. What the United States needs to defeat inflation and to raise productivity is tighter controls on the budget and a looser rein on the money supply, not the reverse. That way, the economic restraint that's needed to squeeze out inflation would fall more evenly over industry, and interest rates would be less of an impediment to new investment. And tax cuts should have been used to induce restraint on wages and prices.

But Reagan has brushed aside this fundamental criticism. His advisers predict better times within a year. As he will be told in Ottawa this week, not only Americans will suffer if they are wrong.

THE NEW YORK TIMES.

As Goes La Prensa ...

It is not easy to tell whether Nicaragua, in Sandinista hands, will go the Cuban way, which is not so different in many respects from the Somoza way, or whether it will find its path to a respectable and enduring pluralism. The different tendencies are there.

It is possible to say, however, what the key indicators are. Do institutions independent of Sandinista control exist, and do they have a reasonable chance of hanging on? The private sector of the economy is one, the church is another and the press is a third. That is the context in which to assess the Managua regime's suspension of La Prensa for two days a week ago.

For decades La Prensa has been the leading newspaper in Nicaragua. It was the assassination of its publisher in 1978 that became the catalyst of the revolution against Somoza family rule. Since the revolution, it has remained far and away the most popular paper in Managua, and the most critical. The particular source of trouble this time apparently was the reporting by the paper on government destruction of billboards bearing religious themes, official efforts to keep a critical radio station off the air, and the roughing up of a journalist, among other things.

Unquestionably La Prensa is a thorn in the regime's side. Particularly is this so at a time when the economy is in desperate straits and sinking — rice and beans have to be imported from, of all places, war-torn El Salvador — and when respected observers like the Miami Herald's Shirley Christian can write that "a majority of Nicaraguans are disillusioned today with the young men they swept into power, and would vote against them if given the chance." A strong Marxist element in the leadership holds that, to the extent that any of the country's still-independent institutions decline to be supine, they should be intimidated or otherwise controlled. (The People's Revolutionary Government of Grenada, by the way, has just shown the way.) It has simply banned the press for a year.)

At the same time, La Prensa is the most conspicuous adornment of the regime, the badge of its continuing openness and its pluralist potential. Nothing would more loudly signal a decision by the Sandinista directorate to force Nicaragua down the Havana road than the muzzling of La Prensa. Was the suspension a test of whether the Sandinistas might get away with it?

THE WASHINGTON POST.

International Opinion

After the Bombing of Beirut

Mr. Begin clearly believes that nothing he does will ever upset the United States to the point where it will cease to supply his country with arms. Surely it is time that some American president summoned the courage

to say, "Enough is enough"? Fear of American reaction is the only effective restraint on Mr. Begin's belligerence. Unless that fear is reinforced soon, hopes for peace in the Middle East will have to be abandoned forever.

— From The Sunday Telegraph (London).

In the International Edition

Seventy-Five Years Ago

July 20, 1906

BERLIN — Notwithstanding Mr. Roosevelt's official assurance that the new inspection laws guarantee the purity of American meat exports, Germany is to enforce new and more stringent regulations against imports from American packing houses. Meat inspectors at various German ports have been instructed that they are to scrutinize the glands of all imported meat cuts for tuberculosis and if symptoms are discovered this meat is not to be permitted to enter. This constitutes a direct blow at what remains of the American meat import in Germany, as the meat comes with the glands removed before shipment, the packers being unable to leave in the glands without spoiling other cuts that are not destined for export.

Fifty Years Ago

July 20, 1931

PARIS — London today replaces Paris as the scene of the great international effort to save Germany from disaster. The first act of the drama was the historic meeting between the French and German ministers here yesterday. The rapprochement of France and Germany, which was considered essential before any headway could be made in London, has to some extent been accomplished. It was begun in a note of hope Saturday and was continued with less hopeful results yesterday, when a further effort was made to reach an understanding on several important points left in suspense. M. Laval, M. Briand, Chancellor Brüning and Dr. Curtius will leave for the seven-nation conference that opens in London this afternoon.

What Is to Be Done About Begin?

By James Reston

WASHINGTON — On the eve of President Reagan's first meeting with the other leaders of the industrial world in Ottawa, and at the start of his first attempt to renew peace negotiations in the Middle East, Israel has bombed Palestinian guerrilla headquarters in a densely populated civilian area of Beirut.

Coming shortly after Israel's bombing of the Iraqi nuclear laboratory outside Baghdad, and the popular support shown for this militant Israeli policy by the reelection of Prime Minister Begin, it is clear that Begin intends to defend his country against the PLO terrorists with the terror of his air force. Not only in the Old Testament terms of "an eye for an eye and a tooth for a tooth," but with an eye for his business and his duty as he sees it. The question is what Washington is going to do about it.

Regardless of his treaty commitments to the Charter of the United Nations, or of consequences on the relations of the United States and the other Western countries with the Arab world, Begin does

what he pleases and what he thinks is best for his own country.

None of the allied leaders meeting in Ottawa could claim that Menachem Begin deceived them. He has been more consistent than any of them. He began as a terrorist to establish Israel's independence, and, provoked by the terror of the PLO guerrillas, is using the arts of terror to maintain it. But with his bombing of Baghdad and Beirut, he has defied the opinion and interests of the United States government, on whose political and military support he depends.

In other crises of U.S.-Israeli relations — the Israeli bombing raid on the Iraqi nuclear facility is an example — Washington has "deplored" and "condemned" the use of force by Israel, and has withheld for a few days the delivery of more American bombers to Israel. It was on the point of delivering them anyway, when the Israelis bombed the PLO headquarters in Beirut. The chances are that when the news of this latest outrage gets out in the headlines, the planes will then be delivered. But at the Ottawa summit, Reagan

will undoubtedly be confronted with some hard questions.

What is his Middle East policy? Will the United States continue to finance policies in Israel it "deplores" and "condemns"? If so, will it ever get the support of the Arab oil states for the fuel at bearable prices the industrial nations need? Or will it get the military bases Washington wants, to protect the free world against Soviet expansion? Or, in addition, will it ever get a compromise settlement of the Palestinian problem on this basis?

These are not casual questions, but even if they are raised in the Congress or the press of the United States, they are immediately met with a torrent of abuse by the "friends" of Israel, many of whom assume that the national interests of Israel are identical to the worldwide interests of the United States, and even that questioning Begin's bombing of Baghdad and Beirut is in some ways a form of anti-Semitism.

Maybe the leaders at the Chateau Montebello in Quebec, across the river downstream from Ottawa, won't embarrass Reagan by stressing these questions. They will be together for only a day and a half. They have produced "briefing papers" as big as telephone books for over a thousand reporters, and after the Big Seven leaders talk in their various languages, there will be little time to deal with their economic tangles or the problems of the Middle East, or North-South relations, before they have to agree on the final communiqué, which will, of course, emphasize their agreement on the goals of a more orderly world without mentioning disagreements about how to get there.

There is, however, no way — and they all know it — to deal with their economic problems of interest rates, trade, money, energy, and the alarming and growing cost of military arms, without dealing with the political problems of the Middle East, and their relations with the Soviet Union.

Maybe Reagan can't do much for a while with the Soviet Union, since he has

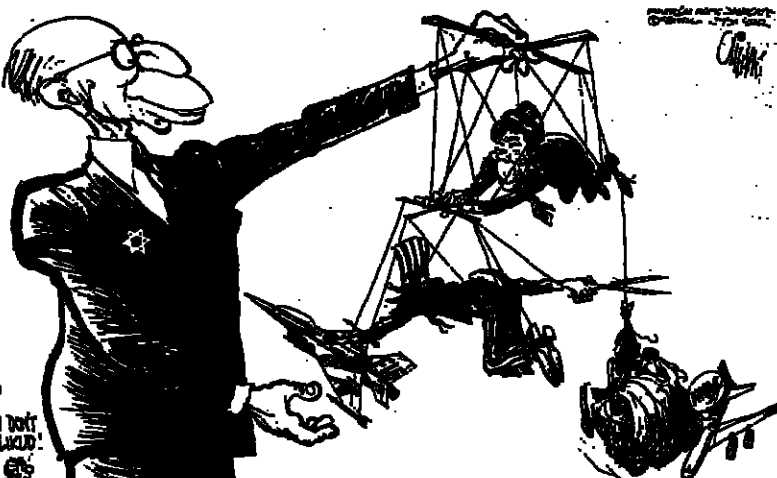


been insisting in public that they are well and failing and that, paradoxically, if United States must increase its military budget to deal with their strength. By presumably he could do something about the Middle East, where he is trying to make peace, build a secure source of energy and a barrier against Soviet expansion, and be faithful to the alliance with Israel.

But he cannot do this without a settlement of the Palestinian problem. Begin's bombing the Iraqi nuclear facility, and his bombing the PLO headquarters and killing civilians in Beirut, Israel has assured that the Arabs, with Saudi Arabia's less supplies of oil money, will get more weapons by one means or another, and will continue, by their ferocity and hostility, a relentless war against Israel.

Washington knows this all too well, and keeps on financing the Israeli policies it opposes and delivering the planes to carry them out. Reagan says very well what he does, after a decent interval, but at the Ottawa summit meeting, he will undoubtedly be told that Washington's continuing support of Israel, no matter what Begin does, and his verbal hostility to Moscow and reluctance to reach a nuclear agreement, will, if continued, split the alliance, and cause more trouble in the world than we need to have.

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Mitterrand and an Impatience With Effort in France

By William Pfaff

PARIS — Is French Socialism progressive, or reactionary? It is possible to argue that by voting for Francois Mitterrand as president in May and giving the Socialist Party a huge parliamentary majority last month, the people of France were trying to back out of the modern competitive world, to take refuge in the past.

Mr. Mitterrand's electoral campaign lends itself to this argument. His campaign posters pictured him as a simple, rather plain man, standing in solitude before a picturesque village — stone houses, a church tower, in quiet fields. The appeal (conceived by a highly unconservative Paris ad man, Jacques Seguela) was frankly conservative. The imagery was of stability and the eternal rural France. Absent was any allusion to dynamism, industry, progress, competition.

The opponents of Mr. Mitterrand, former president Valéry Giscard d'Estaing and Paris Mayor Jacques Chirac, presented themselves in their campaign posters and literature as dynamic leaders, and thus, implicitly, as men making demands upon the French. Mr. Mitterrand was advertised as a man of "tranquil strength" reassuring a troubled electorate.

ounding percentage; 37 percent are university or secondary school professors, and the rest teach in elementary school. And 28 percent of the new Communist deputies are also teachers (18.6 percent in elementary schools).

The country is in the hands of its educators. The Socialist Party is the inheritor of the republican tradition itself, of lay schools, universal literacy, enlightened thought, aggressive secularization — and this is deeply rooted in popular France, especially in certain regions, such as Provence and the old Languedoc, traditionally hostile to Paris and the north.

Romantic Escape

The former governing parties, on the other hand, have stood for a new France of urbanization, industrialization, economic rationalization and dynamism. Nearly 40 percent of their deputies in the new parliament are either heads of enterprises or senior business executives. Nearly a fifth have been high state officials.

The head of France's manufacturers' association, Francois Ceyrac, has compared the 1981 elections with the events of May, 1968 — both of them attempts to find a romantic escape from the modern world. The French, he said, are tired of being told to compete.

Ceyrac sees "a fatigue engendered by the enormous effort constantly demanded for the last 23 years — people ask, 'Will it ever end?'" He says the French "are not used to such a prolonged effort, even if they are capable of great things in the short run." It is a brutal comment, but one cannot say for certain that it is wrong.

The program announced by the new premier, Pierre Mauroy, nonetheless is not addressed to a sluggish population. It makes no promises of easy prosperity, but insists on keeping an open, internationally competitive economy.

Mr. Mauroy said specifically that his government's plan to na-

tionalize eleven major industrial groups and the principal banks still in private hands will respect the existing character of these companies and will not "overturn structures" or disrupt "existing commercial and banking networks."

He said the state is determined that the nationalized companies enjoy "unhindered action in competing worldwide," and he specifically rejected Mr. Ceyrac's charge that the French were voting to step out of the international struggle.

"The victory of the left means a new dawn, not resignation."

But the expectations of the voters, as they have articulated them to pollsters, are not that simple. Because the American press gave a great deal of attention to the Bokassa diamonds affair in the last months of the government of Valéry Giscard d'Estaing, it is often assumed that this, with the for-

mer president's impetuous refusal to accept criticism, was responsible for his defeat.

This is not so. It was the least important of the reasons given by French voters when asked why the old government failed, mentioned by only 13 percent of those polled. The biggest factor — mentioned by 44 percent — was unemployment. And the people who voted against unemployment expect the Socialists to cure it.

French unemployment is presently at roughly the average level among the advanced industrial countries, higher than in West Germany, the Netherlands, Japan and the United States; lower than in Belgium, Italy and Britain. The population is young and a quarter of a million youths enter the job market each year. That many jobs have to be created to hold the employment rate where it is now.

The new government must create jobs in a stagnant world economy, without sending inflation high, and (according to their polls) without devaluing the franc. Mr. Mauroy has his work cut out. Waiting for him to fail are the wings of his own party, and Communists, both inclined to policies of autarky, protectionism and economic isolation.

The next 18 months will determine whether Prime Minister Mauroy is right when he says that the French now will tackle their problems with a new élan. They might say that the French are trying to turn their way back to that undemanding old France of villages and farms to which President Mitterrand's campaign posters made their "bigamous" allusion. There will "watchers" abroad. France's crown and its rivals would like to see that the French have gone on from day from an erigent world.

©1981, International Herald Tribune.

Political Failures in Britain

By Anthony Lewis

LIVERPOOL — Grimy, damp, rubble. Mean streets, boarded-up houses, squalid shops. This is Toxteth, in the center of Liverpool: a scene of unrelieved desolation.

The worst of the riots happened here. But what you see now was mostly that way before the night of rage two weeks ago. For a visitor the worst thing is not the crumbling buildings, the decay, but the unremitting ugliness. There is not one sign of beauty or tranquility, of fancy or exuberance. If hopelessness can be expressed in a physical setting, here it is.

To see this place is to know that the riots are a signal of something much deeper than passing distress or social strain. Decay is nothing new in Liverpool; the city has been in trouble for decades. It is a menacing symbol of Britain's economic decline — and of something worse, the failure of its political leadership.

The unemployment rate in Liverpool is nearly 40 percent; there are men 40 years old who have never had a real job. Crime is rampant, and a quarter of those prosecuted are under 18. In the last 10 years, 100,000 people — a sixth of the population — have moved out of the city. Those who stay are the unskilled, the unemployed.

As a once-great port city, Liverpool has been racially mixed for a long time. Blacks speak with the same Liverpoolian accent as the whites. Black and white youths rioted together against the police. Why? Toxteth's member of Parliament, Richard Cawshaw, a Laborite turned Social Democrat, said the immediate reason was dislike of the police as an alien authority that treats the people of Toxteth unfairly. The riots followed police questioning of a young motorcyclist on where he got the bike.

Color Is Not Irrelevant

"Unemployment and bad conditions don't help," Cawshaw said, "but the tinder was the feeling that law enforcement is not evenhanded. The whites were as increased as the blacks."

The police haven't been able to establish better relations in the community because they can't walk around it. They are remote from it, cut off. They aren't known except when they jump out of a car. Until you get so police can go in my house, have a cup of tea with Mum ..."

But color is not irrelevant. Cawshaw said there was a problem: "You can't get colored people to join the police because, if they do, their people think they're letting the side down." Of Liverpool's 5,000 police officers, four are black.

The phenomenon is not limited to Liverpool. The London police force of 24,000 includes only about 100 blacks. British society generally lacks black role models. There are no black members of Parliament,

no black high court judges, few black executive civil servants of rank.

Those are some of the problems underlying riot: urban decay, unemployment, social alienation. And what is the government doing about it? The depressing answer is that, over many years, Labor and Conservative governments have made problems worse.

Labor's Harold Wilson, the Pangloss of British ministers, painted wonderful economic visions but left the country in a state of frightening inflation and low productivity. His sellout of Labor ideals much to do with today's political alienation and rise of Trotskyite and other extreme left factions the Labor Party.

Now Margaret Thatcher, eschewing traditional Conservative pragmatism, presides over a zeal government. Her rigid effort to stop inflation Friedmanite monetary theology has unemployment up to 12 percent and the pound sinking. People have wondered how much monetarism an industrial country will take; they may be getting the answer.

Not the Slightest Compassion

Public disaffection from both major parties grown with these failures of policy and human. The amazing result in the Warrington by-election with the new Social Democratic Party polling 42 percent, is a powerful signal of that feeling.

Race is another area of disastrous failure by politicians of both parties. They have ignored repeated warnings and sneered at suggestions that they be by the American example and act to forestall trouble. Those in charge have not taken even the first step on black access to skilled jobs. They have brought blacks into leadership roles, so that black people might feel a part of the system. They have shown no sense of the urgent need for black police enforcement is evenhanded.

They have not dealt with open racism in this country. The neo-Nazi National Front eggs skinheads to attack blacks, and authorities wince their hind. Enoch Powell, still hoping that the nation will him, goes on ranting about race — and is treated respectfully.

Worst of all may have been the establishment reaction to the riots. It was to treat the troubles as something caused by a sinister force. Nothing to do with Mrs. Thatcher showed not the slightest compassion — not the slightest interest, really, in the underlying conditions of the cities.

The riots tapered off, soon, into looting and riotive crime. The explosion may be over for now, the world has had another demonstration of the folly of Britain's leadership: is destroying wonderful country.

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Letters

A Good Tour

The New York Times' Gregory Jaynes has survived his two-year tour of duty in Africa in good form. His valdication (IHT Insights, July 9) is full of commonsense observations and deserves high marks, as does the paper that sent him. His writing has matured from those early pieces — more insight, less awe. New R&R for you, Jaynes. You earned it.

RAYMOND J. SMYKE
Morges, Switzerland.

Unfinished Duty

As a Marine combat veteran of Vietnam, I've read with great interest the articles and editorials concerning the Vietnam veteran. Although various sources have contributed to the ever-greater alienation of the Viet vet from American society, I think that a major source is the apathy and selfishness of the American (and European) public concerning the plight of the Vietnamese people.

As the Vietnam veteran returned to America, his greatest shock was often the realization that very few people were really concerned about what was happening in Vietnam. Let's be honest: Few people were affected in America.

Today, tens of thousands of Vietnamese "boat people" have already been victims of a bloodbath on the high seas. Unlike the case of Nazi Germany, few traces of the extermination can be gathered for future public opinion, without searching the bottom of the sea.

We Vietnam veterans may ask why the mass media keep silent while thousands of men, women and children are allowed to be victims of the pirates off the coast of

Thailand, and children are tossed into the sea. Veterans also ask about the silence of the once-active anti-Vietnam movements.

Why are the veterans refused recognition? It almost seems as though Americans would like to "forgive" the Viet vets in order to resolve their own feelings of guilt. As a minority group, Vietnam veterans have been set apart and largely forgotten.

As reported, many veterans have been unable to escape their very real memories of combat. Could this be because these battles have yet to be completed? How can the Viet vet be asked to "come in from the cold" when he realizes that his country is doing so little to resolve the continuing suffering and death inflicted upon Vietnamese?

On behalf of those great numbers of Vietnam veterans who are friendly toward the Vietnamese people, I ask the media to awaken public opinion. The International Committee Against Piracy has as its goal to send one or more ships to the area of greatest danger off the coast of Thailand to provide protection for the boat people and as a force of dissuasion against the bandits. For more information please write Sentinelles, 10 Chemin du Languedoc, 1007 Lausanne, Switzerland.

HARRY W. HAYES
Geneva.

Curing Thatcher

My advice to Mrs. Thatcher is: Go home to your kitchen and bake bread — say, 12 hours a day for a couple of years — to feed the breadless. It just might cure everything that ails you. Have you ever been hungry?

MARY CLARK.

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IMF Urges Stress on Inflation Fight Report Warns Against Risks of Expansionist Policies

By Carl Gewirtz International Herald Tribune

PARIS — Any hope that the Ottawa summit conference, which opens Monday, might produce a "quick fix" for the economic policy dilemmas facing the major industrial countries were scotched Sunday by the International Monetary Fund.

"The picture of the world economy is one of large and widespread imbalances," says the IMF World Economic Outlook, requiring "courageous pursuit of sound policies of adjustment — patiently looking to results in the medium term, not necessarily in the near future."

"Without such policies... the world economic situation would become critical," the IMF staff survey says, warning that the margin for error is limited, and the stakes are high.

The tone of 107-page report and supplementing appendices arguing against any "premature" shift to expansionist policies contrasts sharply with the watered down report a week earlier by the Organization for Economic Cooperation and Development, whose 24 members for the most part constitute the most developed industrial democracies.

The difference is apparently explained by the fact that the IMF report was approved by member governments in May, while the OECD report was written at the end of June, had to accommodate the views of the new government, which places a greater emphasis on finding

jobs for the record numbers of unemployed, especially young people just entering the job market. While the jobless rates in most industrialized countries stand at post-war highs, the IMF notes that the number of people employed has also been increasing. "Employment rose in all of the larger industrial countries except the United Kingdom in 1980, and is expected to rise again in four of the seven countries in 1981."

The IMF position in the growing debate over whether inflation or unemployment should be considered Enemy No. 1 is forthright: "Top priority should continue to be given to containment of inflation, with supply-side measures used to relax the energy constraint and, more generally, to foster productive investment and labor mobility."

If governments "relax... and shift toward expansion prematurely, the results could be very bad. Growth rates might improve markedly for a year or two, but inflation would flare up again and the existing development would be damaging, both domestically and internationally."

Several years would have been lost in the fight against inflation, and inflationary expectations would become even more deeply entrenched and risk placing "unmanageable strains on the international financial system."

Although the report never states it quite so baldly, implicit is the warning that if the industrialized states are unwilling to accept the consequences of belt-tightening, it is not realistic to expect that of the developing countries where standards of living are already so much lower.

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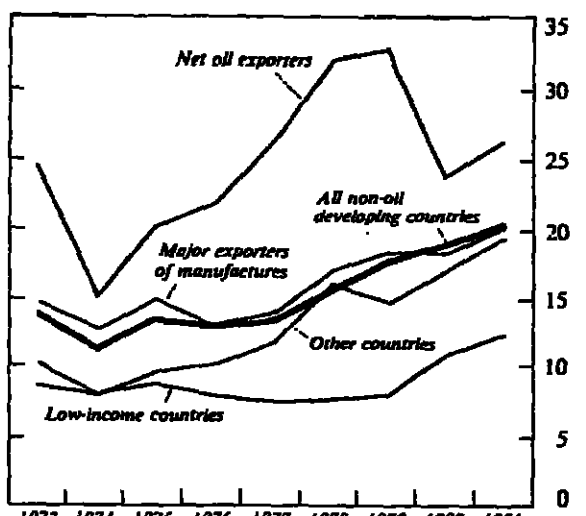


Chart shows annual debt service payments of non-oil producing developing countries and other nation groups as percentages of exports of goods and services. The IMF expects the borrowing needs of non-oil developing nations to grow substantially.

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Takeover Maneuvering Spawns \$32.7 Billion in New Credits

By Carl Gewirtz International Herald Tribune

PARIS — A staggering \$32.75 billion worth of loans are currently being syndicated for the North American takeover sweepstakes — equal to 42 percent of the total amount of loans raised in the Eurocurrency market during all of last year.

If nothing else, these operations bear testimony to how liquid the international banking community remains despite the very tight monetary policy being administered by the U.S. Federal Reserve and most other monetary authorities around the world.

For his part, Henry Wallich, a governor of the Federal Reserve Board, insists that "it's a mistake to add up \$32 billion and say this much money is being raised," because only one of the many bidders for Conoco will actually succeed and the others will have no use for the credit lines, he said in a telephone interview.

"If the markets thought this very large sum were going to be extracted from them, I think you would see interest rate consequences. The market is not thinking that."

Crunch or Not? Regarding the absence of a crunch, when credit ceases to be readily available, he said: "I don't regard that as a defect. A credit crunch is not a good thing for an economy — it's apt to produce a recession. And it means that resources are allocated not by price and productivity of the use that is made of the money, but by some sense of the fear and the malfunctioning of the system."

"A lot of effort has been put into trying to get away from monetary policy through crunch. I realize that there are some people who believe that it doesn't work without crunch. I think it can and does. It's a question of applying pressure steadily rather than in a crisis situation."

The companies involved in what one U.S. banker labeled "the most awesome bidding auction ever witnessed" include:

• Gulf Oil: \$6 billion, of which \$1 billion is for 12 years and \$5 billion is for four years. Interest on the 12-year credit will start at 4 percent over the London interbank offered rate for the first five years, a half point over for the next three years and 3/4 point over for the rest. Unlike most of the other

blockbusters coming out of New York, lenders are not offered an option to base the interest charge on the prime rate.

The companion four-year credit gives lenders the option of setting the interest at the prime rate of lead manager Bankers Trust or 3/4 point over Libor.

For as long as the lending facility exists but remains unused, Gulf will pay banks a commitment fee of 1/4 percent for the first year and 3/4 percent for the following three years.

• Mobil Oil: \$6 billion for eight years with interest set at 3/4 point over Libor for the first four years, a half-point thereafter. Banks also reportedly have the option of setting interest at the prime rate of lead manager Citibank and Morgan Guaranty Trust for the first four years, then at a 1/2 point margin over prime for the remainder. Mobil is also paying a quarter-percent commitment fee for the first

three years with lenders having the option of setting interest at the Chase prime rate or 3/4 point over Libor. Marathon is paying a 1/4 percent commitment fee for the first six months and 3/4 percent thereafter. Marathon has also indicated that the size of this operation could be increased.

• Du Pont: \$4 billion for 10 years, offering prime rate for the first five years, prime plus 1/4 point for the next two years and prime plus 1/2 point for the final three years or 3/4 point over Libor for

six months, which rises to 3/4 percent thereafter.

• Texaco: \$5.5 billion for eight years with interest based either on the prime rate of Chase Manhattan Bank (prime for the first five and prime plus 1/4 percentage point for the final three years) or the London interbank offered rate (with a margin of 3/4 point for the first five years and a half thereafter). Texaco is paying a commitment fee of 1/4 percent for the first six months and 3/4 percent for the following 18 months.

• Marathon Oil: \$5 billion for three years with lenders having the option of setting interest at the Chase prime rate or 3/4 point over Libor. Marathon is paying a 1/4 percent commitment fee for the first six months and 3/4 percent thereafter. Marathon has also indicated that the size of this operation could be increased.

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SYNDICATED LOANS

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International Bond Prices - Week of July 16

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

RECENT ISSUES

Table of recent bond issues with columns for Amt, Security, % Mat, Middle Price, Yield, and Life Curr.

STRAIGHT BONDS

Table of straight bonds in various currencies with columns for Amt, Security, % Mat, Middle Price, Yield, and Life Curr.

HIGHEST YIELDS

Table of highest yields to average life below 5 years.

HIGHEST YIELDS

Table of highest yields to average life above 5 years.

HIGHEST CURRENT YIELDS

Table of highest current yields.

DM STRAIGHT BONDS

Table of DM straight bonds with columns for Amt, Security, % Mat, Middle Price, Yield, and Life Curr.



A CONFERENCE SPONSORED BY THE INTERNATIONAL HERALD TRIBUNE AND THE OIL DAILY LONDON, SEPTEMBER 28 & 29, 1981

Sheikh Ahmed Zaki Yamani, Minister of Petroleum and Mineral Resources, Saudi Arabia, will be the keynote speaker at the second International Herald Tribune/Oil Daily conference on "Oil and Money in the Eighties," to be held September 28 and 29 at the Royal Garden Hotel in London.

- List of speakers including Jane Carter, Arthur Eschenlauer, Paul Frankel, Herman Franssen, Ralf Roger Jakisch, John Lichtblau, Francisco Parra, Malcolm Peebles, Jean-Jacques Servan-Schreiber, George J. Stathakis, and William P. Tavoureas.

CONFERENCE REGISTRATION

Registration form with fields for Name, Position, Company, Address, City/Country, Telephone, and Telex.

HOTEL RESERVATION

Hotel reservation form with fields for Name, Company, Address, City/Country, Telephone, and Telex.

DM STRAIGHT BONDS

Table of DM straight bonds.

WestLB advertisement for Eurobonds, DM Bonds, and Schuldsscheine, including contact information for Dusseldorf, London, Luxembourg, and Hong Kong.

Takeover Maneuvering Generates \$32.7 Billion of New Credits

(Continued from Page 7)

the first five years, a half over for the next two years and 1/4 point over Libor for the final three years. Du Pont is also paying a quarter-point commitment fee for the first six months, rising to 1/2 percent thereafter.

Atlantic Richfield: \$650 million for 12 years, offering prime plus 1/4 point for the first four years and prime plus half a point thereafter (or alternatively, 1/2 point over the adjusted 90-day rate for certificates of deposit for the first four years before rising to 1/4 point) or half a point over Libor for the first four years and 1/4 point thereafter. It is paying a quarter-point commitment fee for the first six months.

Peaseoff Move

In addition, only skimpy details were yet available on the \$2.5 billion Peaseoff is raising under the aegis of Citibank (reportedly for five years). Peaseoff is said to be

insisting on retaining for itself the option of deciding whether interest is based on prime or Libor — a move lenders are resisting. Cities Service is arranging a \$1-billion loan with Citibank and Morgan Guaranty, but no details were immediately available.

At the same time, Canadian Development Corp. has increased to \$2.1 billion from the initially indicated \$1.75 billion the amount it is raising to finance the purchase of Aquitaine of Canada from Elf Aquitaine of France, which is using the proceeds to buy Texasgulf.

What Is 'Friendly'?

It is true that many of these loans may never be drawn if, as reported or assumed, Du Pont, Mobil, Texaco and Gulf are all building the cash needed to take over Conoco. On the other hand, there is nothing to stop the losing Conoco suitors from using the funds to launch other takeovers.

It is of some interest, then, that

bankers have elicited specific wording from Texaco, and by inference the others as well, that the money will only be used for a "friendly" takeover.

Bankers Leery

Such assurances had been sought from Seagram when it put together a \$3-billion war chest last year. When it refused to be tied down, Bank of America, Chase Manhattan and Morgan Guaranty Trust refused to participate in what then was the largest ever loan syndication — fearing they could find themselves financing the takeover of an important client who opposed the bid.

Unfortunately, bankers involved in the current transactions refused to divulge the specific wording they elicited from the borrowers or to explain how they defined "friendly."

The other transactions currently under way appear minuscule by comparison.

Exxon is in the market seeking

to finance an electricity project in Hong Kong. Under the aegis of Citibank, the oil giant is raising \$300 million for 12 years, with interest set at 1/4 point over Libor for the first four years, a half-point over Libor for the next four years and 3/4 point over Libor for the final four years. A companion \$300 million, guaranteed by the U.K. export credit agency, is for 21 years with interest set at 1/4 point over the interbank rate.

Occidental Petroleum is restructuring \$300 million of outstanding bank debt into a new seven-year loan with interest set at a split 1/2-1/4 point over Libor. Swiss Bank Corp. is organizing the operation, which will be a "club" deal only including banks having loans to Oxy.

Brazil Bank

Brazil is raising \$400 million for the Itaipu Binacional hydroelectric project with Paraguy, up from the originally proposed \$300 million. Lenders have choice of an eight- or

10-year maturity. The increase in the amount and the inclusion of a 10-year element, the first in over a year for Brazil, is being taken as a sign that the country — one of the most heavily indebted — is back in favor with the banks.

Interest on the \$340-million, eight-year portion will be set at 2 1/2 points over Libor or 2 percentage points over the prime of lead manager Morgan Guaranty Trust. The interest on the \$60-million, 10-year portion is set at an eighth of a point higher.

Public Power Corp. of Greece is seeking \$250 million. Of this, \$220 million will be syndicated as a 10-year loan bearing interest of 7 1/2 point over Libor for the first two years and a half point over thereafter. Managers underwriting \$10 million will earn participation fee of 1/2 percent on their takedown and 1/16 percent on their sell-down.

The remaining \$30 million in being taken by a group of Japa-

nese banks in the form of a 12-year floating rate note with interest set at a quarter-point over Libor. However, front-end fees and commissions lift the yield to the lenders to the level paid on the syndicated loan. The Japanese purportedly want "marketable securities" to skirt some of the restrictions that apply to the participation in the syndicated market.

Ansett, the domestic Australian airline guaranteed by the government is raising \$195.8 million to finance the purchase of aircraft. The loan will be divided into two parts, one for six years and the other for 10 years. The amounts for each portion have not yet been specified. Interest on both will start at a quarter-point over Libor for the first three years, rising to 1/2 point over Libor thereafter. Credit Commercial de France is lead manager.

Korea Electric Co. is in the market for \$200 million. Interest on this 10-year loan will be set at 1/4 point over Libor.

JAPAN PACIFIC FUND
Société Anonyme
Luxembourg, 37, rue Notre-Dame
R.C. Luxembourg, BXL340

Notice of Meeting

Messrs. Shareholders are hereby convened to attend the Extraordinary General Meeting which is to be held on July 29, 1981 at 11.30 a.m. at the offices of Kredietbank S.A. Luxembourg, with the following agenda:

Agenda

Amendment to the first sentence of Article 8 of the Articles of Incorporation, in order to change the date of the Annual General Meeting of Shareholders to the third Wednesday of June at 3 p.m.

Resolutions to be taken at the Extraordinary General Meeting will require a quorum of at least one-half of the shares issued and outstanding and, in order to be valid, resolutions must be taken at a 2/3 majority of the shares present or represented at the Meeting.

The Board of Directors

U.S. Money Supply Figures Send Debt Market Reeling

(Continued from Page 7)

cy supply data, David Jones of Aubrey G. Lanston & Co. told Reuters that the latest rise in M-1B brings its growth rate in line with the Fed's longer-term growth targets, after having been well below the target last month. "This will take away any incentive for the Fed to ease, and will limit the extent of further Fed easing actions."

The Fed's objectives should be clearer this week when Chairman Paul A. Volcker presents his mid-year review to Congress. In addition, markets should get some direction from the economic figures to be released. Data on second-quarter gross national product is to be reported Wednesday and forecasts range from a decline of up to 2 percent on an annualized basis to an increase of 1 percent following the rapid 8.6 percent growth in the first quarter.

Money-Market Fund

Investors who are tired of trying to outguess where rates are headed and eager to put their money into a money-market fund may be in-

terested to know that the first such fund based in Europe is currently being launched. European Banking Co., which is owned by seven major international banks, is offering shares of A and B units of its International Income Fund.

Unit A will be invested only in dollar instruments having a maximum maturity of 12 months. Unit B will invest in similarly short-dated instruments but the currency composition will be a cocktail — currently 59 percent dollars, 15 percent Deutsche marks, 13 percent yen and 13 percent Swiss francs. The composition of the cocktail will change from time to time, as EBC sees fit.

The units are being sold for \$1, with a minimum investment of \$1,000 required. Valuation will be made daily and three days' notice is required for redemption.

In the bond market, only three issues were announced last week, with IBM World Trade Corp.'s \$60-million, four-year offering the biggest success. The notes, priced at par, bear an annual coupon of 14 1/2 percent and were quoted on a when-issued basis at issue price.

Less well received was the European Investment Bank's \$150-million, eight-year issue. This offering is being made on a classic basis, with the issue price to be set "retrospectively" in light of market conditions on July 22. The indicated coupon is 15 percent.

The problem is that the EIB is notorious for squeezing every possible penny out of the pricing and what it and its lead manager Union Bank of Switzerland deem "realistic pricing" risks to be far away from what most potential purchasers view as realistic.

Before the late Friday rout in New York, dealers in London were saying the EIB issue would have to yield 15.7 percent to appeal to investors — implying an issue price of 98 1/2 for resale to big investors at a selling concession of 1 percent.

The EIB and the European Coal & Steel Community together account for 8 1/2 percent of the total \$75 billion worth of straight dollar denominated Eurobonds, according to the latest issue of Hill Samuel's International Bond Quarterly. The EIB has \$4.4 billion outstanding against \$2.02 billion for the ECSC. Noting "investor resistance ... over the increasing amount of debt incurred by these borrowers," Hill Samuel advised readers that "the concerns are, in the main, unfounded in an economic sense."

Issues of both "remain highly secure and there is no tangible evidence ... that either is any less credit worthy now than in the past." The U.K. investment bank further notes that "the large number of their issues outstanding can only help in an active portfolio management program."

Slow Moving

Also moving slowly was the \$50 million for APS Finance Co., guaranteed by Arizona Public Service Co. The seven-year issue is expected to carry a coupon of 16 percent with the issue price to be set in light of market conditions on July

20. However, the issue was said to be moving slowly because the name is not well known to the market, dealers said.

In Singapore, the Commercial Bank of Korea Ltd. is raising \$20 million through an issue of three-year, interest will be set at a quarter-point over the Singapore interbank offered rate for six-month dollar deposits.

A number of issues were priced last week. The coupon on the \$40-million, 15-year convertible for Dai Nippon Ink & Chemicals was set at 6 percent as indicated with a conversion price of 282 yen. The exchange rate was fixed at 229.1 yen per dollar.

Toyo Menka Kaisha's \$30-million, 15-year convertible, sold at par bearing a coupon of 6 1/2 percent, down from the initially indicated 6 3/4 percent. The paper is convertible into the trading company's Tokyo shares at 218 yen, representing a premium of 2.8 percent. The exchange rate was fixed at 230.60 yen per dollar for the life of the issue.

Convertible Reduced

The 15-year convertible for Texas General Resources was reduced to \$12 million from the initially planned \$15 million. Priced at par, the issue bears a semi-annual coupon of 10 1/2 percent. The conversion price was fixed at \$28.50, representing a premium of 14 percent.

Northwest Energy's 15-year issue, convertible either into common stock or into a fixed rate bond, was cut to \$40 million from the originally envisaged \$50 million. The coupon on the convertible was set at a semi-annual 9 percent. The bonds can be converted into shares at a price of \$24 1/4, a premium of 18.3 percent. The fixed rate coupon was set at 16 1/2 percent.

The coupon for Seiyu Stores Ltd.'s \$15-million, 15-year convert-

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Price	Aug	Sept	Oct	Nov	Dec
410	39.25-39.50	39.25-39.50	39.25-39.50	39.25-39.50	39.25-39.50
420	39.25-39.50	39.25-39.50	39.25-39.50	39.25-39.50	39.25-39.50
430	39.25-39.50	39.25-39.50	39.25-39.50	39.25-39.50	39.25-39.50
440	39.25-39.50	39.25-39.50	39.25-39.50	39.25-39.50	39.25-39.50
450	39.25-39.50	39.25-39.50	39.25-39.50	39.25-39.50	39.25-39.50
460	39.25-39.50	39.25-39.50	39.25-39.50	39.25-39.50	39.25-39.50
470	39.25-39.50	39.25-39.50	39.25-39.50	39.25-39.50	39.25-39.50
480	39.25-39.50	39.25-39.50	39.25-39.50	39.25-39.50	39.25-39.50
490	39.25-39.50	39.25-39.50	39.25-39.50	39.25-39.50	39.25-39.50
500	39.25-39.50	39.25-39.50	39.25-39.50	39.25-39.50	39.25-39.50

Gold 477.20-479.20

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This announcement appears as a matter of record only June 1981

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Banco Nacional Ultramarino
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Agent
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NEW YORK (AP)—Steady Over-the-Counter market for the week with the rise in bid prices for the week's last bid prices. All quotations are based on the National Association of Securities Dealers Inc. are not actual transactions but are representative of the market.

Over-the-Counter market listing with columns for Symbol, Bid, Ask, and Change. Includes various stock symbols and their corresponding market data.

Consolidated Trading of AMEX Listings and NYSE Listings. Includes columns for Symbol, Bid, Ask, and Change. Lists various securities traded on these exchanges.

Treasury Bills table listing various bill maturities (e.g., 13-week, 26-week) and their respective bid, ask, and yield rates.

IMF Report Puts Stress On Problem of Inflation

(Continued from Page 7) rather grim. Under the best of circumstances, "medium-term progress in reducing inflation is likely to be slow." The most bullish statement the authors can spare is tepid: "One could envisage... an environment conducive to sustained long-run growth in the industrial countries would have been restored."

The report notes that interest payments of these countries this year are projected to absorb about 7 percent of export earnings, compared to 4 percent in the early-to-mid 1970s, and concludes with the dry statement that "increasing numbers of these countries are now encountering debt servicing difficulties."

Disabling Prospects "The medium-term prospects for low-income developing countries," the report states, "are bleak. Many will face difficult adjustment and financing problems."

East Germany Says GNP Rose BERLIN — East Germany Saturday published figures showing that the economy is continuing to improve.

Debt Outlook "Although such facilities can sometimes be disregarded in analysis of outstanding debt positions because of the imminence of repayment, the conditions now pre-

EXCLUSIVE INTEREST IN SILVER MINING WITH 100% CAPITAL PROTECTION THROUGH BANK GUARANTEE. Direct participation in operating silver mine. Expected annual yield approx. 60-100%.

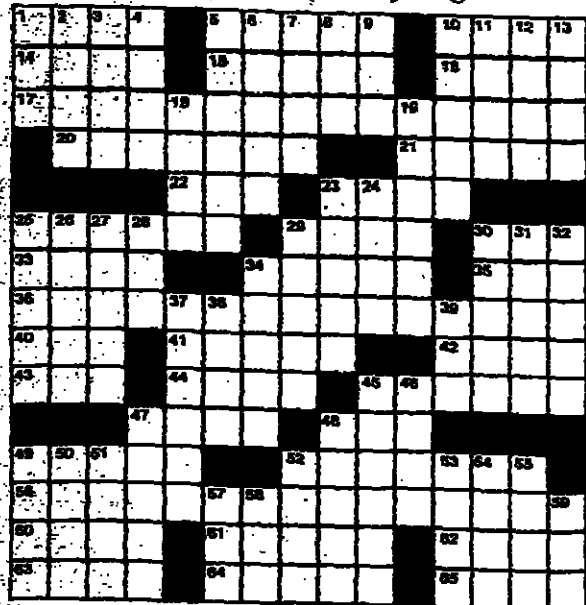
SOCIÉTÉ GÉNÉRALE ALSACIENNE DE BANQUE. U.S. \$26,000,000 Floating Rate Notes Due 1991. For three months, July 15, 1981 to October 14, 1981, the notes will carry an interest rate of 18 3/8% per annum.

ESORTS & GUIDES CLASSIFIED ADVERTISEMENTS (Continued from Back Page). Includes listings for London Rainbow, Amsterdam, London Executive, and other travel services.

Blackie's House of Bed. Advertisement for a bedding store with contact information for Washington, D.C.

CROSSWORD

By Eugene T. Maleska



- ACROSS: 1 Louisiana legislator... 2 Seed covering... 3 Brownish... 4 Mistle... 5 Far West flower... 6 One of Israel's neighbors... 7 Added... 8 Understanding... 9 Dace or plaice... 10 Hits hard... 11 Penman's... 12 Show sorrow... 13 In Asia... 14 Erstwhile... 15 Blood groups... 16 Songbird of eastern U.S... 17 Product... 18 Topic at Texas A & M... 19 Facilitate... 20 Electric or string follower... 21 Water bird... 22 Temper... 23 Puts two and two together... 24 Mistle... 25 Nautical command... 26 Get by fraud... 27 Midwestern... 28 Dog on Broadway... 29 Strong stuff... 30 Stendhal's real name... 31 Menu item... 32 Shipworm... 33 Trappers' trophies... 34 You... 35 Come at ten o'clock... 36 The Silver... 37 Sidney Howard play... 38 Verden... 39 Ann Miller... 40 Nanking nurse... 41 Necktie... 42 Subsequently... 43 G.I. offense... 44 Without change... 45 Decree... 46 Figures out... 47 Veal... 48 Site of Roman ruins in NE Italy... 49 Siesta... 50 Any fashionable resort... 51 Corrode

WEATHER

Table with columns for location, high, low, and weather conditions. Locations include ALABAMA, ALBANY, ALBUQUERQUE, etc.

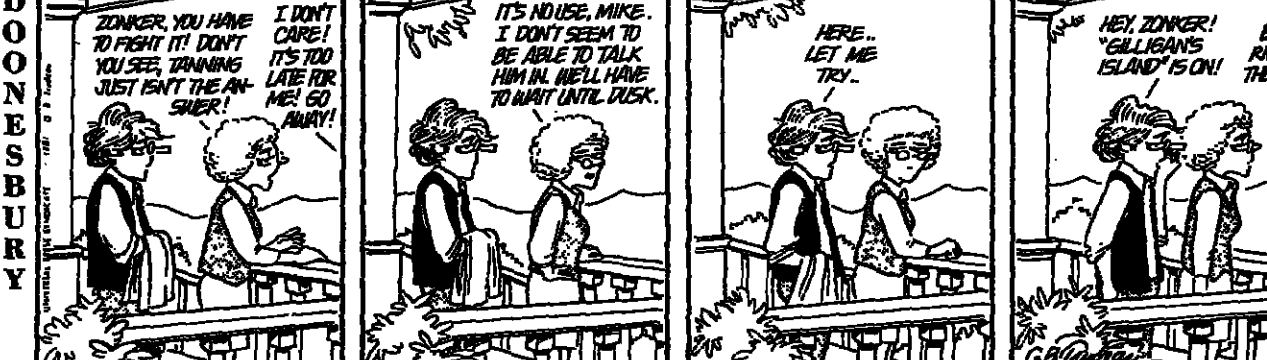
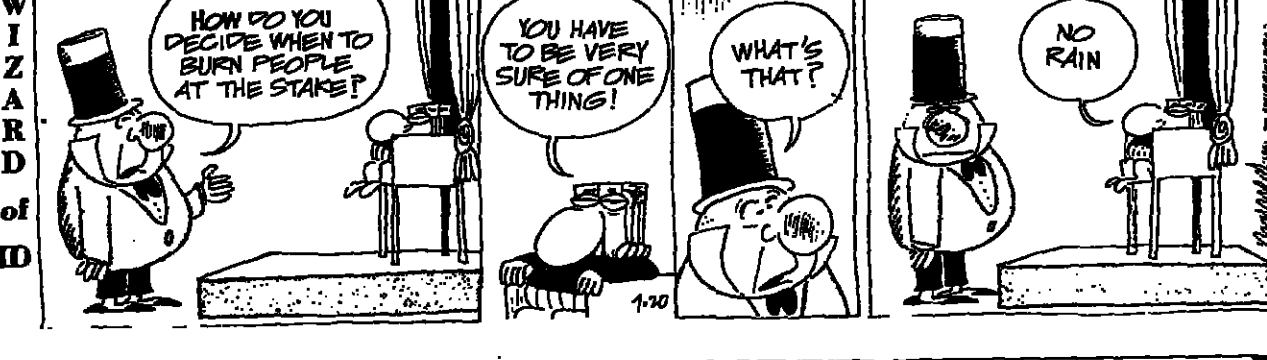
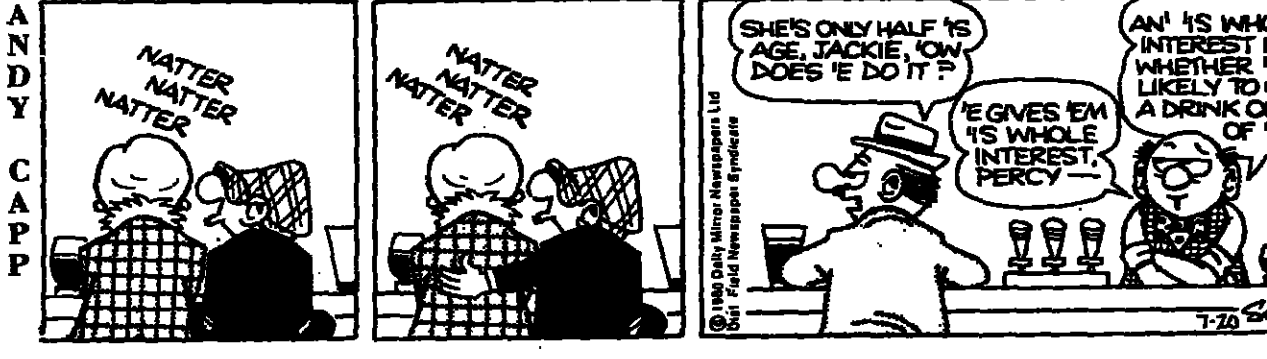
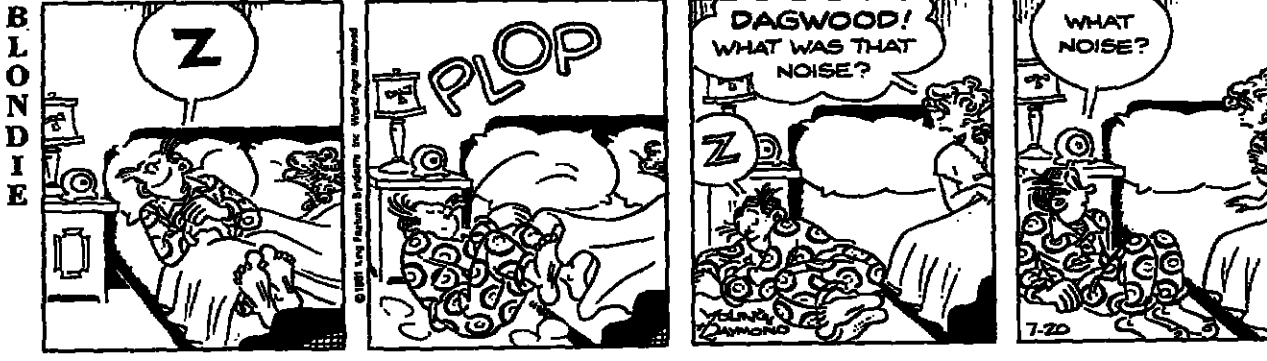
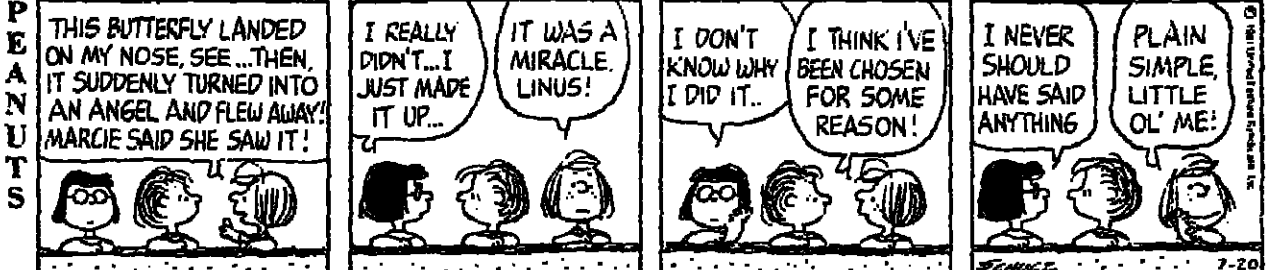
RADIO NEWSCASTS

BBC WORLD SERVICE: Broadcasts of 6000, 6030, 6060, 6090, 6120, 6150, 6180, 6210, 6240, 6270, 6300, 6330, 6360, 6390, 6420, 6450, 6480, 6510, 6540, 6570, 6600, 6630, 6660, 6690, 6720, 6750, 6780, 6810, 6840, 6870, 6900, 6930, 6960, 6990, 7020, 7050, 7080, 7110, 7140, 7170, 7200, 7230, 7260, 7290, 7320, 7350, 7380, 7410, 7440, 7470, 7500, 7530, 7560, 7590, 7620, 7650, 7680, 7710, 7740, 7770, 7800, 7830, 7860, 7890, 7920, 7950, 7980, 8010, 8040, 8070, 8100, 8130, 8160, 8190, 8220, 8250, 8280, 8310, 8340, 8370, 8400, 8430, 8460, 8490, 8520, 8550, 8580, 8610, 8640, 8670, 8700, 8730, 8760, 8790, 8820, 8850, 8880, 8910, 8940, 8970, 9000, 9030, 9060, 9090, 9120, 9150, 9180, 9210, 9240, 9270, 9300, 9330, 9360, 9390, 9420, 9450, 9480, 9510, 9540, 9570, 9600, 9630, 9660, 9690, 9720, 9750, 9780, 9810, 9840, 9870, 9900, 9930, 9960, 9990, 10000.

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International (GMT) and frequencies: Western Europe: 6400-6700 Mon-Fri, 6740, 7155, 9760, 11825 in the 49, 41, 31 and 25 meter bands; Eastern Europe: 6400-6700 Mon-Fri, 6740, 7155, 9760, 11825 in the 49, 41, 31, 19, 16, 14 and 12 meter bands; Middle East: 6400-6700 Mon-Fri, 6740, 7155, 9760, 11825 in the 49, 41, 31, 19, 16, 14 and 12 meter bands; South Asia: 6400-6700 Mon-Fri, 6740, 7155, 9760, 11825 in the 49, 41, 31, 19, 16, 14 and 12 meter bands; Africa: 6400-6700 Mon-Fri, 6740, 7155, 9760, 11825 in the 49, 41, 31, 19, 16, 14 and 12 meter bands; Oceania: 6400-6700 Mon-Fri, 6740, 7155, 9760, 11825 in the 49, 41, 31, 19, 16, 14 and 12 meter bands.

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JUMBLE: THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee. Unscramble these four Jumbles, one letter to each square, to form four ordinary words. LEXIE, RIMPE, HELBED, SOLFIS. Answer: LEXIE, RIMPE, HELBED, SOLFIS. DENNIS THE MENACE: 'IF I EVER GET MARRIED, WILL YOU COME AND COOK FOR ME?'

BOOKS: THE MAGICIAN AND THE CINEMA. By Erik Barnouw. Illustrated. 128 pp. \$12.95. Oxford University Press, 200 Madison Ave., New York 10016.

EVERYBODY remembers his or her first magic show. Mine was in a garage in the dark. I passed out bowls of pooled grapes and described them as the devil's eyeballs. After that, by the light of a lantern on a wall of cinder blocks, there were card tricks and some pigeons we pretended to decapitate. The attraction of magic to the amateur magician, derived from the fact that it wasn't magic at all, it was science in the service of illusion. Having sent in the magazine coupon and received our kit, we knew how everything worked toward achieving the ecstatic gasp. Erik Barnouw is chief of the motion picture, broadcasting and recording division of the Library of Congress, a very long job description. He is also the author of the definitive history of broadcasting in the United States, which is available in three volumes, and one distillation. According to his new book — really an elegant essay with marvelous illustrations — the magicians of the 19th century, enthralled by the science of optics, photography and electricity, opened the door to motion pictures and thereby rendered themselves obsolete. Any amateur with a pair of scissors can cut and edit a strip of film in order to make a woman vanish, sever a head, burn a body down to the skeleton and reverse time. Talent went out of style. Understanding the Possibilities. These magicians, in an age of science — Robert-Houdin, John Nevill Maskelyne, Eugene Gaspard Robert, Paul de Philipstahl, Emile Reynaud, Georges Mllis, Felicien Trewey, Louis Lumiere, David Devant, Carl Hertz and so on all the way to Harry Houdini — were acquainted with magic lanterns. They immediately understood the possibilities of limelight. They built robots and dioramas. When someone like Thomas A. Edison or Robert W. Paul came along, the magic makers pounced on their new technology. After flip cards and shadowgraphy, after the peep show and the animated cartoon, why not D.W. Griffith? Their business, after all, was the projection of images on smoked or waxed gauze or nitrate stock or credulous minds. They never made a secret of the fact that they had secrets, none of which was supernatural. Three things happened when the magicians discovered the technology of motion pictures. First, they distributed an appetite for that technology throughout the world on their grand tours to such exotic climes as Barro Colorado and Baltimore. Next, they made movies themselves — Houdini did a doz-

John Leonard is on the staff of The New York Times.

CHESS

ANATOLY KARPOV has got it all backwards. When the world champion fails to take first prize home to the Soviet Union, that's an occasion. But when he achieves another triumph, it's taken for granted. Of course, it's his own fault. In winning all but two tournaments since his successful title defense against Viktor Korchnoi of Switzerland in the Philippines in 1978, he has blunted us to a real appreciation of how difficult it is to attain such marvelous consistency. To see what he is up against, one has only to play over one of his rare losses to a rival like Vlastimil Hort, a Czech grandmaster. Karpov went astray in the early middle game of his encounter with Hort in the IBM International Tournament in Amsterdam and had no chance to recover in the face of the Czech's trenchant decisive tactics. The Tartakover system of defense, 7... P-Q4 to establish parity in the center, strives for untrammelled piece play, possibly at the price of some looseness in the center pawns. In recent years, Karpov has been one of its strongest advocates. When White delays an exchange in the center until 9 PxP, as Hort did here, Black's safest course is to simplify by 9... Nxp; 10 BxP, QxP; 11 NxN, BxN; but Karpov kept the game complex with 9... PpP. What defensive alignment would have been best after 12 Q-B2, bearing in mind that Black must maintain protection of his center pawns and find a secure development for his queen? On 12... N-K5; 13 BxP, QxP; 14 PpP, NxN (14... N/QxP may be better, but it leaves an isolated QP); 15 QxN, PpP; 16 Q-R3, KR-B1; 17 R-B2, Black has to worry about the QBP's coming under attack by 18 R/1-B1 and either 19 N-Q4 followed by 20 N-N3 or 19 N-K1 and 20 N-Q3. Karpov decided upon 12... R3; 13 KR-Q1, P-B5, but Hort's 14 P-R4 stymied the Black queenside pawn majority and threatened 15 P-QN3, PpP; 16 QxP with enduring pressure against the Black QP and 17... B-B3; 15 N-K5, Q-B2; 16 NxB, QxN, but after Hort's 17 B-B3, the new threat was 18 Nxp1, NxB; 19 BxB. The champion had to play either 17... QR-K1; 18 BxN, NxB; 19 P-K4, PpP; 20 NpP, P-QN4; 21 P-Q5, Q-N3; 22 P-Q6, B-Q1; 23 P-Q7, R-K3 with an advanced passed pawn to contend with or 17... P-KN4; 18

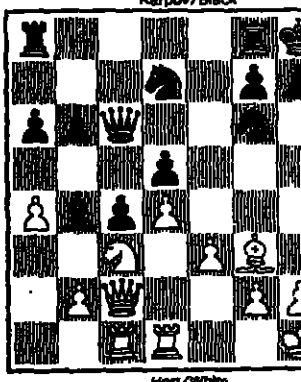


Table with columns: White, Black, White, Black, White, Black. It lists chess moves and their corresponding piece positions on the board.

Rogers Rules Britannia by 4 Shots

SANDWICH, England — Bill Rogers scored consecutive birdies to recover his momentum during Sunday's final round, and emerged with a 71 and a four-stroke victory in the 110th British Open Golf Championship.

The 29-year-old Texan won the first major title of his seven-year pro career with a 276 total, four shots under par on the 6,829-yard Royal St. George's Golf Club links. The victory was worth \$50,000 from the total purse of \$400,000.

Rogers, runner-up in the U.S. Open last month, had a five-stroke lead when the final round started, but had it dwindle — mostly through his own botched efforts — to a single shot after only seven holes of the final 18.

Most of Rogers' troubles came on the 529-yard, par-5 seventh.

Normally one of golf's most accurate players, Rogers had played shakily in the early going, missing two greens and two fairways over the first six holes. On the seventh, he drove into the rough, put his second on the bank of a bunker, hit his third far to the right of the green (and over the heads of gallery), was short with his pitch from the deep rough, chipped to within four feet, and missed it.

Langer, the son of a Munich bricklayer, took second with a par-70 final round and a 280 total. It was the best finish ever recorded by a German in one of the Big Four golf tournaments.

James, a laconic British regular on the European tour, and Floyd shared third at 83. James shot a 73 and Floyd had a 70 in the chilly, breezy weather.

Sam Torrance of Scotland, benefitting from a hole-in-one on the 16th, managed to get in at par 70 despite a double bogey on the last hole and was alone at 284. Bruce Lietzke, Rogers' college roommate at the University of Houston, and Manuel Pinero of Spain were next at 285. Lietzke, also a three-time winner this season, shot a closing 69 and Pinero had a 70.

Ben Crenshaw was perhaps the most disappointed golfer at the event after he virtually eliminated himself with a third-round 76 that put him at 286 for the tournament.

"I always seem to play my worst on the best days," said the disconsolate Crenshaw who, it must be said, appears to have a severe golfing problem when it comes to major championships. He called Saturday's round "the worst golfing day of my life."

"There's such a fine line between playing real good and playing real bad," said Rogers, shaking his head. "The day before (Friday),

attest to its international accent as much as the golfers from all over the world.

"Maddening to three-putt," an English voice says.

"Magnifique," a French voice says after a bunker shot.

"Ooooh, look," one of the Scots was saying Saturday. "Toom Watson is off the board."

Watson, who was 12 shots behind on Saturday, was accorded polite applause as the defending champion and, on leaving the 18th green, an Englishman said, "That's not for what he's done this year, that's for what he did last year."

Of all the touring pros, Ben Crenshaw is also the most attuned to golf lore. He knows all the history. The shame is that he's not been able to be part of that history.

"I keep walking down the fairways here, wondering where Henry Cotton hit the ball in 1934 when he shot 65."

In nearly a decade, Crenshaw has won a few tournaments and a lot of money. But he's never won a major tournament. Only those who win a major are really a part of golf history.

His appreciation of golf lore has contributed to his adoption by the British galleries who love him almost as one of their own, a reincarnation of some tiny Scot, a wee lad who somehow is a contender with hickory-shafted clubs and the gutta-percha ball.

Many thought this would be Crenshaw's year after what he had accomplished the previous four years — third in 1980 at Muirfield, tied for second in 1979 at Royal Lytham & St. Annes, tied for second in 1978 at St. Andrews, tied for fifth in 1977 at Turnberry.

But it was not to be. And it fell to Crenshaw's buddy, Bill Rogers, to become this year's part of golf history. And it counted, even if it came in one-sweater weather.

The State Beach Open

By Dave Anderson
New York Times Service

SANDWICH, England — When a raw wind sweeps across the sand dunes of Royal St. George's, the members like to say, "One more sweater."

But Saturday the golfers and the galleries were taking off their sweaters. They strolled around in their shirtsleeves, almost as if they were at the Bob Hope Desert Classic instead of at the British Open, where the rain is supposed to be horizontal, where the chill is supposed to require cashmere and turtle-necks, where only the beer is supposed to be warm.

Perhaps that is why Bill Rogers had a five-shot lead going into Sunday's final round.

In his seven years on the PGA tour, 29-year-old Rogers had won only two tournaments.

At the Sea Wall

But Royal St. George's resembled a state beach more than an English seaside golf course on Saturday. Not that anybody was sweating. Nobody sweats here. Perspire a bit perhaps, never sweat.

But out near the sea wall of Sandwich Bay that crosses the English Channel, dozens of autos were parked beyond the fifth hole. Their occupants preferred sunbathing on the rocky beach to watching the world's most international golf event.

This is not the Open, even though the British call it that as if there were no other. For several decades now, the United States Open has been the world's most prestigious golf tournament because it annually has the best field. But the British Open is easily the world's most international tournament.

Somebody with a golf hat with "Royal Hong Kong" on it will be standing alongside someone with a golf hat with "Pebble Beach" on it. And the voices in the gallery

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it looked like Ben would never hit another bad shot. Only those of us who play this game at the highest level know how thin that line is.

Although Rogers won it, it was one of the poorest overall performances in a decade by the Americans, who placed only four men in the top 10.

At least part of that can be attributed to the failure of the United States' two biggest guns — Jack Nicklaus and Tom Watson.

Nicklaus, holder of a record 17 major professional titles, simply couldn't recover from an opening round of 83, the worst of his career. And Watson, the defending champion, took himself out of it with a 75 in the third round.

They finished in a tie for 17th at 290 — 10 over par. Also at 290 was the venerable and venerated Arnold Palmer.

But the biggest cheers were reserved for Rogers, who had to force his 145-pound, 6-foot frame through a surging mass of spectators who swarmed onto the 18th fairway and were scarcely controlled by marshals.

On Saturday, Rogers had said: "The finish of the British Open is like nowhere else. Not even the Masters can match it." Then, Sunday, he knew of what he spoke: "It's the greatest feeling in golf. This is incredible."

FINAL 72-HOLE SCORES

- 376: Bill Rogers, U.S., 72-66-67-71.
- 382: Bernard Langer, W. Germany, 73-67-70-70.
- 383: Roy Floyd, U.S., 73-70-69-70; Mark James, B. Ireland, 73-70-68-73.
- 384: Sam Torrance, Scotland, 72-69-73-70.
- 385: Bruce Lietzke, U.S., 74-67-71-69; Manuel Pinero, Spain, 73-74-68-70.
- 386: Ben Crenshaw, U.S., 75-67-71; Howard Clark, Britain, 73-70-73-68; Brian Jones, Australia, 73-70-66-71.
- 387: Iain Auld, Scotland, 71-70-69-74; Nick Faldo, Britain, 73-68-67-72; Lee Trevino, U.S., 72-67-70-73.
- 388: Gianni De Lorenzis, Italy, 74-69-73; Sandy Lyle, Britain, 73-71-71; Brian Barnes, Britain, 74-70-72-72; David Graham, Australia, 71-71-74-71; Nick Jack, Britain, 70-70-75-74.
- 389: G. J. Brand, Britain, 75-65-72-72; Graham Maran, Australia, 73-71-72-71; Jerry Pate, U.S., 73-73-68-74; Peter Townsend, Tobacco, 73-70-73-72.
- 390: Hubert Green, U.S., 75-70-70-69; Mike McLaughlin, S. Africa, 74-74-68; M. Price, S. Africa, 74-68-74-69; Arnold Palmer, U.S., 73-74-73-71; Jack Nicklaus, U.S., 83-66-71-73; Tom Watson, U.S., 73-69-75-72; Tony Jacklin, Britain, 71-72-70-75; Simon Owen, N.Z., 71-74-70-75.
- 391: John Margon, Britain, 77-73-69; G. Norman, Australia, 75-75-72-71; Des Smith, Britain, 75-72-71-71; Trevor Powell, Britain, 75-68-73-75.
- 392: E.W. Dink, Australia, 76-67-72-73; Tommy Horton, Britain, 75-73-71-71; Bruce Charles, N.Z., 77-71-71-73; Massimo Osella, Japan, 75-75-71-74.
- 393: Steve Balch, U.S., 75-73-70-72; Neil Calver, Britain, 74-73-73-73; F. Marino, Argentina, 78-68-73-73; Rodar David, Australia, 74-71-74-74; Johnny Miller, U.S., 71-73-73-76.
- 394: Ken Brown, Britain, 74-75-74-74; Ben Sroog, U.S., 75-70-75-74; Terry Gale, Australia, 73-73-71-77; Jaime Gonzalez, Brazil, 75-70-73-73; Mark O'Meara, U.S., 74-73-73-75; Hal Sutton (Canada), U.S., 71-73-73-74.
- 395: David Jones, Britain, 77-71-74-71; David Thorp, Britain, 74-69-74-77; Brian Walton, Britain, 75-69-74-78.
- 396: Eddie Charles, U.S., 75-75-72-75; Gerry Cullis, Britain, 75-70-72-74; Mike Ferguson, Australia, 75-71-73-73.
- 397: Warren Humphreys, Britain, 76-71-74-77; Noel Hunt, Britain, 74-73-75-78.
- 398: John O'Leary, Britain, 73-74-75-77; Payne Stewart, U.S., 73-75-74-77; Geoffrey Gowen (Canada), Britain, 75-71-72-81.
- 399: Dick McClean, U.S., 75-73-74-82.



Bill Rogers, en route to victory and the 18th green at the British Open.

Again, No Egalite: Hinault Triumphs in Tour de France

By Samuel Abr
International Herald Tribune

PARIS — Monarch of all he surveyed and greedy for more, Bernard Hinault won the Tour de France bicycle endurance race Sunday for the third time in four years.

"I will get my revenge," he said last year when illness forced him to withdraw from a race, and Sunday he got just that.

Hinault, a 26-year-old Frenchman, earned for victory along the Champs-Élysées as ferociously as he did during the 23 stages of the race.

Until the last 100 yards he was second in the sprint finish before he allowed himself to drop back and let the rest of the field fight it out for the final honor.

The winner before a crowd of approximately 200,000 was Freddy Maertens, 29, Belgian. This was the fifth victory of the sur for Maertens, who finished far behind in the overall standings because of slow times to the mountains.

Hinault also won five stages, four in the trials and one in the mountains, and missed second several times in sprints and climbs while demonstrating his general power. He took the overall leader's yellow jersey the seventh day of the race and held it confidently, even arrogantly, afterward.

Victory was worth a \$25,000 apartment in Normandy for Hinault, who picked up about that much more in various prizes along the way. He should earn a comparable sum in the series of one-day races in the provinces that complete the calendar after the tour.

In all, about \$350,000 in prize money was distributed during the race, with the average rider making about \$2,000.

But money was not the major goal this year for Hinault, who rides for the Renault team. Revenge has been on his mind since tendinitis in the knees forced him to quit last year's Tour de France at the halfway point. He was leading, as usual.

Two months later he captured the world championship, but as he has said many times since, what he wanted most was to triumph again in the Tour de France.

From the start, he dominated this 68th edition of the race, crossing the final finish with an overall lead of 14 minutes 34 seconds, the seventh-largest margin in the modern history of the Tour.

Second overall was Lucien Van Impe, 34, a Belgian who rides for the Boston

team and who won the Tour in 1976. Van Impe also captured this year's honors as the best mountain racer.

Third was Robert Alban, 29, a Frenchman with the Redoute team, and fourth was Joop Zoetemelk, 34, a Dutchman with the Raleigh team who won the Tour last year after Hinault's withdrawal.

There were 121 finishers out of the field of 150 that started the 2,300-mile grind June 25 in Nice. The number of finishers was by far a record, breaking the mark of 104 set in 1974. The average speed during the race, about 24 miles per hour, also set a record, by fractions, for the Tour de France.

Both records testified to Hinault's control of events from the first day, when he won a race against the clock — through Sunday — a 115-mile jaunt from and around the southern outskirts of Paris. So total was his domination that this year's race was the least exciting in years, with even Hinault finally admitting that what he missed most was a challenger.

It is not often that the prize for the most combative racer goes to the longtime leader, as it did to Hinault after only Phil Anderson, a 23-year-old Australian with the Peugeot team, dared challenge him. Anderson finished 10th overall after a bad day in the Alps.

"Most of the riders just quit," complained Jacques Anquetil, who won the Tour de France five times between 1957 and 1964. "Hinault is so much stronger than the others that his power intimidates them."

Eddy Merckx, who shares with Anquetil the record of five victories, agreed: "Hinault stands alone, far superior. I always had a strong lieutenant to help me, but Hinault doesn't need one."

"He's head and shoulders above the rest," said Roland Berland, deputy team manager for Peugeot and a former teammate of Hinault. "Frankly, I don't see anybody who is going to change this anytime soon."

And neither do Hinault's opponents. As Zoetemelk put it before setting out in Nice: "I'm here to fight for second place."

Alfonso de Wolf, of the Vermeer team, who finished 11th overall, had his own explanation of Hinault's control: "What bowls me over is that he's absolutely the boss. He directs the whole pack, not just his own team. When he says, 'It's going too fast,' everybody slows down. If some-

body doesn't listen, Hinault moves to the front and takes off. Behind him everybody understands. When Hinault wants to beat you, there's no problem for him."

Hinault himself has offered insights into his reputation as a racer hungry for glory who is strong enough to achieve it. When he was criticized for not displaying enough panache in the Alps, he responded by winning the next day's climb and then said:

"Panache? Call it what you want. For me it is simply the will to win. I'm a professional. I work at my job. The last word is to be the strongest rider. Whoever is most willing to attack, 10 times, 15 times, he's the one who makes the others pay."

"You call second place a victory? Not me."

FINAL PLACINGS

1. Bernard Hinault, France, 94 hours 19 minutes 28 seconds.
2. Lucien Van Impe, Belgium, 14 minutes 34 seconds behind.
3. Robert Alban, France, 17:04.
4. Joop Zoetemelk, Netherlands, 21:21.
5. Pietri Willem, Netherlands, 21:26.
6. Jean-René Bernaudeau, France, 21:32.
7. Johan de Meirck, Belgium, 21:25.
8. Evert-Albe Nilsen, Sweden, 24:27.
9. Claude Criquielien, Belgium, 26:18.
10. Philo Anderson, Australia, 27:02.



Bernard Hinault

Michael Spinks' Pound of Flesh: Light-Heavy Title by a Decision

New York Times Service

AS VEGAS — Struggling to see to a right eye that was nearly oiled shut for the last seven rounds, Eddie Mustafa Muhammad lost the World Boxing Association light-heavyweight championship Saturday to undefeated Michael Spinks on a unanimous decision.

Spinks, the last of the five golden winners from the 1976 Olympic team to reach a championship fight, knocked down Mustafa Muhammad in the 12th round and controlled the fight in the final rounds.

Luca Tubal, one of the three judges, scored the 15-round contest 144-140. Duane Ford had it 138-138 and Charles Minkler 145-

would have been stripped of the title on the spot.

Spinks had weighed in earlier at 173½. The weigh-in was held a half-hour past midnight because the fight was scheduled for the early afternoon and the fighters did not want to be weighed at dawn. The hour seemed to be to Mustafa Muhammad's advantage. Once he had met the weight requirement, he could eat as much as he pleased and weigh as much as he wanted when he entered the ring.

Spinks had been weighed in his underwear, but when Mustafa Muhammad, naked, stepped on the scale, the women in the crowd were asked to stand back. Al Braverman, the champion's chief second, held a towel around Mustafa Muhammad as he stepped on the scale. It read 176¼ — too much.

The champion's entourage went by car to the nearby Las Vegas Sporting House, a health club that was open — as everything seems to be here — all night. Four or five members were in the place when the entourage arrived. An employee went to get a sweatshirt, another went to look for gum.

Mustafa Muhammad skipped rope for 12 minutes in a rubberized sweatshirt. He was still three-quarters of a pound too heavy. He changed into a fresh sweatshirt and did another 12-minute cycle. He was a quarter-pound too heavy. He changed again and jumped some more, and left the club without being weighed. He did not have much time to get back to the hotel.

At 1:55, Percy Richardson, Spinks's cut man, looked at his watch. "He's going to take every minute of it," he said.

At 2:19, when the entourage reached the room for the weigh-in, Mustafa Muhammad was still having perspiration wiped from his face. At 2:21, he stood on the scale. His supporters leaned to look at the numbers as the weights were pushed along the bar and the scale read 175.

The room erupted. Supporters jumped, screamed and hugged the champion as if he had just won the fight. Mustafa Muhammad was not celebrating. Silently, without a smile, he put on a white terrycloth robe with his name on the back, placed a towel over his head and went up to his room.

"We did it the hard way," Braverman said. But 14 hours later, the champion was dethroned.

Transactions

FOOTBALL

WASH. STATE FOOTBALL LEAGUE

BALTIMORE — Traded Fred Cook, defensive end, to the Washington Redskins for undrafted draft choices; signed Donnell Thompson, defensive end, and North Carolina, to a four-year contract.

CINCINNATI — Signed Benjie Pivler, tight end.

DALLAS — Signed Darrle Nelson, linebacker, to a multi-year contract.

DENVER — Signed Dave Giffen, offensive guard, and Clay Brown, tight end.

SEATTLE — Announced that Scott Phillips, wide receiver, and Fred Anderson, defensive end, had agreed to terms. Signed Kenny Gesley, UCLA defensive back.

TAMPA BAY — Signed Hugh Green, Pitt linebacker, to a multi-year contract.

MINNESOTA — Signed Jarvis Redwine, Nebraska running back, to a three-year contract.

SOCCER

North American Soccer League

NEW YORK — Reinstated John Neeskens, midfielder.

BASKETBALL

National Basketball Association

PHOENIX — Signed Clyde Drexler, guard, to a multi-year contract.

SAN DIEGO — Signed Calvin Roberts, forward, to a multi-year contract.

HOCKEY

National Hockey League

DETROIT — Announced that the contract of Gilles Gilbert, goaltender, would be renewed for the 1981-82 season plus an option year.

COLLEGE

MORGAN STATE — Named Tom Morris head football coach.

Watson Finishes First in British Grand Prix

SILVERSTONE, England — John Watson, driving a McLaren, and the only Briton in the race, took the lead seven laps from the finish and won Saturday's British Grand Prix.

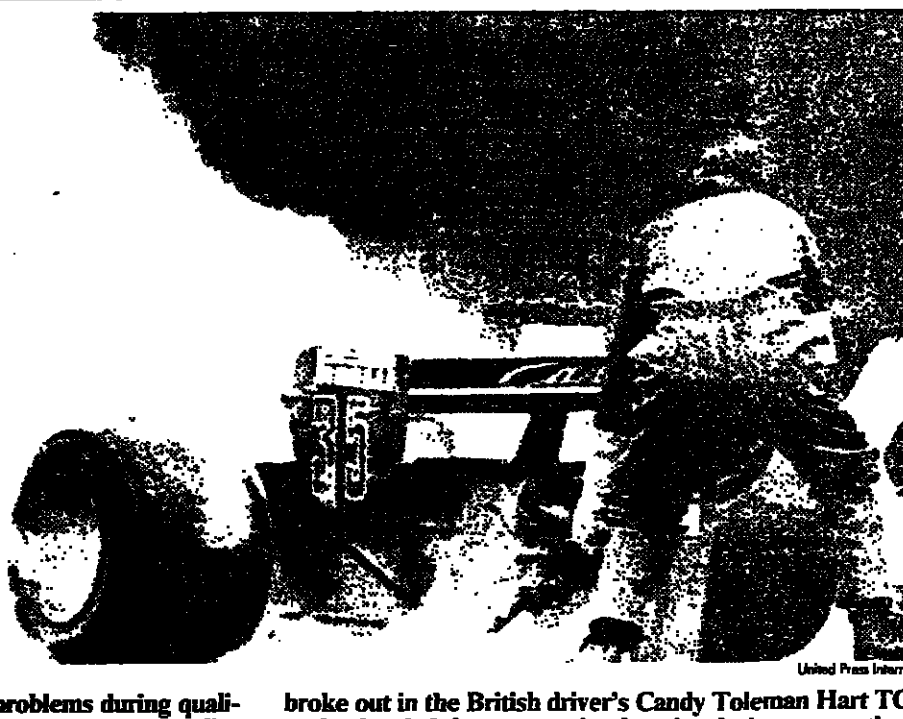
Watson took the lead when the turbo engine in René Arnoux's Renault started to fail. The Frenchman, who held a comfortable lead for half of the 68-lap race, was overtaken by Watson to the shouts and waves of the crowd of 80,000.

The Renault engine blew four laps from the finish.

Only eight of the 24 starters were running at the finish.

Argentine Carlos Reutemann, in what he called a lucky race, cruised home second to increase his lead in the world championship competition to 17 points (43-26) over Nelson Piquet of Brazil. Piquet crashed his Brabham out of third place on lap 11, suffering what was believed to be a cracked leg bone, which could slow him in coming races.

The victory for Watson, one of the veterans of Grand Prix racing, was only his second in 116 starts. The other was at the 1976 Austrian Grand Prix in an American Penske.



Brian Henton, left, experienced some problems during qualifying runs at the raceway at Silverstone, England. A fire broke out in the British driver's Candy Toleman Hart TG 181 as he headed for a stop in the pits during a practice lap.

Borg Comeback Defeats Lendl in Stuttgart Tennis

United Press International

STUTTGART, West Germany — Bjorn Borg won the \$75,000 Grand Prix tennis tournament here Sunday, coming from behind to defeat Czechoslovakia's Ivan Lendl, 1-6, 7-6, 6-2, 6-4.

Lendl, perhaps buoyed by his rout of Wimbledon champion John McEnroe last weekend in the Davis Cup series against the United States, got off to a strong start against Borg, winning the first set in 23 minutes.

He then jumped to a 4-2 lead in the second set before the 25-year-old Swedish star fought back.

Borg, ahead 6-5, failed to make good on three set points, eventually falling into a tiebreak, which he won. He took control in the third set, taking the first four games.

In the fourth set, Lendl lost his serve at 4-4 and Borg clinched the match and the \$16,000 prize money in the next game.

The Czech, clearly disappointed by his failure to beat Borg, partly blamed Polish friend and adviser Wojtek Fibak for his defeat. He said he had asked Fibak to come up from a Grand Prix tournament in Kitzbuehl, Austria, on Saturday to help him train for his encounter with Borg.

Fibak refused, and Lendl told reporters before the final, "I won't say another word to him."

Student Games Start in Bucharest

United Press International

BUCHAREST — The World Student Games officially opened Sunday, bringing together athletes from more than 80 countries to compete over the next 10 days in the world's largest sports event outside the summer Olympic Games.

Romanian President Nicolae Ceausescu declared the Games open in a colorful ceremony before 90,000 people at Bucharest's August 23 Stadium, venue for the track and field events which begin Tuesday.

earlier Saturday the clocks — is, the ones you can find in the 30 that is this gambling center had all moved past 2 a.m. and staff Muhammad was frantically jumping rope. Nine minutes to the 2:30 a.m. deadline, after ip to a health spa and an hour's kout, he weighed 175 pounds, pounds less than he had shed just two hours earlier.

he had weighed as much as a rier-pound more when he ped on the scale at 2:21, he

Language

Word Winners

By Trudy Tvan
The Associated Press
SPRINGFIELD, Mass. — "Chairene" turned out to be a misfit that was finally dropped in disgrace. The jury is still out on "streaking" but "ciset queen" seems in to stay.

"Chairene was one of our biggest mistakes," Mish said. "It was being pushed by the National Organization for Women and we got a lot of citations for it over a six-to-eight-month period just before we published our latest addendum to the unabridged, so we included it. We should have been more cautious. No one has heard of it since."

Just because a word is no longer used, Mish is not prepared to jettison it. "You can't get rid of all old words. Even if the only place a word is used is in Shakespeare, you should be able to look it up in the dictionary. We have to be conservative when it comes to words used in the major literary works."

The 30 editors, including specialists in science and sports, can spend their day reading anything from The New York Times and Scientific American to Rolling Stone and Cat Fanciers magazine. The idea, he said, is to ferret out and record the language as it is used — a decision that has occasionally gotten the editors of Merriam-Webster into hot water.

Although the finished product may become the standard voice of authority, the making of a dictionary can begin with the hits and misses from the pages of Playboy magazine or The Wall Street Journal.

They are among the last of their kind, for there are perhaps only a few thousand men left in the United States who work as cowboys.

When a word gets enough citations it becomes a candidate for the dictionary. It's tucked away on the second floor, where all the words that have stirred the United States' hopes and fears, laughter and tears since 1793 and many that didn't can be found on 12 million 3-inch by 5-inch file cards.

They are among the last of their kind, for there are perhaps only a few thousand men left in the United States who work as cowboys.

Cowboys

By William Serrin
New York Times Service
MEDICINE BOW, Wyo. — Tall, wide-brimmed hats over their eyes, and scrambled eggs, sausage and coffee in their stomachs, Frosty and Jeff Crane saddled their horses an hour past sunrise and rode toward Robbers Roost to check stock.

Jeff and Frosty Crane Are Genuine Cowpokes in the Heart Of the American West, but They're a Vanishing Breed



Jeff Crane (left) and his brother Frosty hatted up for work.

Never felt a plow, is an enduring figure, perhaps the central symbol of the nation. If the myth began in any one place, it started in Medicine Bow and the surrounding area, where in 1855 a young Easterner, Owen Wister, came to study the West.

There probably were never more than 40,000 cowboys in the United States. Their palmy days lasted from about 1865, when the big cattle drives north from Texas to the Rocky Mountain grasslands began, until the late 1880s, when blizzards, barbed wire, overgrazing and plunging cattle prices ended the great days of the open range.

PEOPLE: Bahamian Caretaker

The proudest man on the Bahamian island of Eleuthera these days is reportedly Henry Sands, a caretaker. For the last eight years Prince Charles has vacationed at the villa of his godmother, Lady Patricia Brabourne, where Sands works, and the prince and the caretaker developed a great liking for each other.

Twenty-one years ago, when he was in Italy as a talent scout for the Greater Miami Opera Association, Emerson Buckley heard a rhapsodic tenor from Florida. Buckley hired the singer on the spot. Three years later, the singer, Luciano Pavarotti, made his debut at the Metropolitan Opera in New York and he has always remained grateful to Buckley for having had so much confidence in him.

When is a king a great monarch or an imperialist oppressor? That question is at the heart of a dispute among residents of Santa Barbara, Calif. They are trying to decide what to do with a very-fine statue of King Carlos III of Spain that was presented to the town by his descendant, King Juan Carlos I, current monarch. Spanish sovereign in 1782 founded a presidio in the city and King Carlos I was to mark the occasion and dedicate the city on a visit to the United States in February.

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